THE WALL STREET JOURNAL.

DOW JONES | News Corp ★★★★★ WEDNESDAY, AUGUST 5, 2020 ~ VOL. CCLXXVI NO. 30 WSJ.com ★★★★ $4.00

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What's News

Business & Finance

The SEC is investigating the circumstances around Kodak's announcement of a $765 million government loan to make drugs at its U.S. factories. **A1**

◆ **Ford plans to install** operating chief Farley as its new CEO, putting the onus on the executive to produce the tangible results that eluded predecessor Hackett. **A1**

◆ **Microsoft's bid** to acquire TikTok's U.S. operations from Chinese parent ByteDance has landed the software giant in the middle of U.S.-China tensions. **A1, A8**

◆ **Disney reported** a loss of nearly $5 billion for its latest quarter, as most of its businesses reeled amid global efforts to curb the coronavirus's spread. **B1**

◆ **The Justice Department** is seeking as much as $18.1 billion from bankrupt opioid maker Purdue Pharma, new filings show. **B1**

◆ **Mallinckrodt said** it is considering filing for chapter 11 over a clash with U.S. regulators and liabilities stemming from the opioid crisis. **B3**

◆ **U.S. stocks rose**, with the Dow industrials adding 0.6% while the S&P 500 and Nasdaq gained 0.4% and 0.35%, respectively. **B13**

◆ **Public pension funds** set a 22-year performance record in the second quarter, recovering some but not all of their losses from the first quarter. **B1**

◆ **The engineer** at the center of a yearslong legal battle between Google's self-driving unit and Uber was sentenced to 18 months in prison. **B4**

World-Wide

◆ **Saudi Arabia has** built with Chinese help a facility for extracting uranium yellowcake from uranium ore, an advance in the kingdom's drive to master nuclear technology. **A1**

◆ **The U.S. and China** have agreed to high-level talks on Aug. 15 to assess Beijing's compliance with the bilateral trade agreement signed early this year. **A3**

◆ **Beirut was rocked** by a massive explosion caused by a warehouse fire on the city's waterfront. The blast killed dozens of people and injured thousands more. **A7**

◆ **White House negotiators** said they aim to reach a deal with Democrats on a new coronavirus relief package by the end of the week, with both sides saying progress was made in their talks. **A4**

◆ **Some hard-hit states** appeared to be getting a respite from rising case counts and hospitalizations as the U.S. reported fewer than 50,000 new coronavirus cases for the second day in a row. **A5**

◆ **Rep. Roger Marshall** defeated former Kansas Secretary of State Kris Kobach in the state's Republican primary for a U.S. Senate seat. **A4**

◆ **Isaias churned up** the East Coast, causing flooding and leaving about 2.5 million homes and businesses without power. **A3**

◆ **The NSA issued** new guidance for military and intelligence personnel, warning about the risks of cellphone location tracking. **A8**

CONTENTS

Arts in Review... A13	Personal Journal A11-12
Business News.. B3,5	Property Report... B6
Crossword... A14	Sports... A14
Heard on Street. B14	Technology... B4
Markets... B13	U.S. News... A2-6
Opinion... A15-17	Weather... A14
	World News. A7-8,18

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Dozens Killed, Thousands Hurt After Fire Ignites Beirut Blast

AGENCE FRANCE-PRESSE/GETTY IMAGES

DEADLY TOLL: At least 50 people were killed and 2,750 wounded after an explosion caused by a warehouse fire in Lebanon's capital. The warehouse held an explosive material which Lebanese officials identified as ammonium nitrate. A7

Kodak's Big Loan Disclosure Triggers SEC Probe

Early word of U.S. deal for drugmaking sent stock soaring, boosted value of bosses' options

By Dave Michaels And Theo Francis

The Securities and Exchange Commission is investigating the circumstances around Eastman Kodak Co.'s announcement of a $765 million government loan to make drugs at its U.S. factories, according to people familiar with the matter.

News of the loan last week caused Kodak's shares to rise as high as $60, before falling to about $15 on Monday due to a dilution in the shares. The shares ended Tuesday at $14.40. Amid the heightened volatility, trading volume has surged. The price spike briefly produced a potential windfall for company executives who owned stock-option grants, some of which were granted on July 27, the day before the loan was officially announced.

The SEC's investigation is at an early stage and might not produce allegations of wrongdoing by the company or any individuals, the people familiar with the matter said. Among the areas being probed by regulators: how Kodak controlled disclosure of the loan, word of which began to emerge on July 27, causing Kodak's stock price to rise 25% that day.

The Wall Street Journal reported last week that Kodak had shared information about an agreement between the company and the Trump administration with media outlets before

Please turn to page A2

Ford Selects 'Car Guy' as CEO To Revive Profit, Chart Future

By Mike Colias

Ford Motor Co. plans to install Chief Operating Officer Jim Farley as its new CEO, putting the onus on the executive to produce the tangible results that eluded his predecessor Jim Hackett during his three-year run in the top job.

The company said Tuesday that Mr. Farley, 58 years old, will succeed Mr. Hackett, 65, who is retiring on Oct. 1. Mr. Hackett will remain in an advisory role through next spring, the company said.

During his tenure, Mr. Hackett brought to Ford a management style more akin to Silicon Valley than Detroit, emphasizing faster decision-making and a "design-thinking" ethos that some insiders say helped spawn some well-received vehicles.

But his efforts weren't enough to lift the company's bottom line or share price, which sank 40% during his time as CEO.

Mr. Farley will be under pressure to quickly build on what he called a strong foundation left by his predecessor.

He inherits a company that was already struggling to revamp its money-losing overseas operations when the coronavirus pandemic depressed sales and forced auto makers to shut down their factories. In recent months, Ford has scrambled to borrow money as it burned through billions of dollars in cash. The company's U.S. factories have recovered

Please turn to page A2

China Helps Power Saudi Nuclear Push

WASHINGTON—Saudi Arabia has constructed with Chinese help a facility for extracting uranium yellowcake from uranium ore, an advance in the oil-rich kingdom's drive to master nuclear technology, Western officials with knowledge of the site said.

By Warren P. Strobel, Michael R. Gordon and Felicia Schwartz

The facility, which hasn't been publicly disclosed, is in a sparsely populated area in Saudi Arabia's northwest and has raised concern among U.S. and allied officials that the kingdom's nascent nuclear program is moving ahead and that Riyadh is keeping open the option of developing nuclear weapons.

Even though Riyadh is still far from that point, the facility's exposure appears certain to draw concern in Congress, where a bipartisan group of lawmakers has expressed alarm about Saudi nuclear-energy plans and about Crown Prince Mohammed bin Salman's 2018 vow that "if Iran developed a nuclear bomb, we will follow suit as soon as possible."

It is also likely to cause

Please turn to page A7

Soggy Isaias Sweeps Along the East Coast

MATT SLOCUM/ASSOCIATED PRESS

A stranded motorist walked down a flooded street in Philadelphia on Tuesday as Tropical Storm Isaias hit, leaving millions without power from North Carolina to Massachusetts. A3

Cheap Pools Roil the Neighborhood

* * *

Above-ground models relieve tedium, bend rules

By Patrick Thomas And Chip Cutter

Tyler McSparin and his wife were quietly enduring the pandemic in their Kansas City, Mo., home when they heard some hammering coming from their neighbor's yard. "I thought they were doing some landscaping," he says. "The next thing we knew, there was a giant above-ground pool."

He shared a photo on Twitter in early July, fearing a repeat of the final scene in the film "Bad Boys 2," in which the walls of a pool abruptly give way, unleashing a tsunami. "My estimate is that it holds about 60,000 lbs of water," he wrote. "And it is di-

Please turn to page A10

Microsoft CEO Wades Into U.S.-China Clash

By Aaron Tilley

Merger deals are rarely simple. But Microsoft Corp. Chief Executive Satya Nadella now is attempting to sign a takeover that satisfies not only both companies involved and their shareholders, but two governments in bitter competition for technological clout.

If it pans out, the acquisition of TikTok's U.S. operations from Chinese parent ByteDance Ltd. could be a boon to Microsoft's business, giving it 100 million mostly young users to bolster its consumer-facing operations. But the pursuit of TikTok has put the software giant at the center of the U.S.-China firestorm.

Already, Mr. Nadella has been in an unconventional posture for CEO, having talked with President Trump on the phone about the deal on Sunday. Then, in a statement, the CEO took the unusual step of thanking the president for his personal involvement in the negotiations. On Monday, Mr. Trump, a Republican, insisted that part of the purchase price for the deal go to the U.S. Treasury—a term some observers called inappropriate.

The stakes are high for Microsoft. The company has big business with the U.S. govern-

Please turn to page A8

◆ TikTok users are drawn to rival platforms... A8

INSIDE

JOE BURBANK/SENTINEL/AP

BUSINESS & FINANCE

Disney posts $5 billion loss for quarter from pandemic shutdown's impact. **B1**

The Covid Limbo: Patients Who Stay Weeks in Intensive Care

Charges total $1.9 million for Salvatore Mazzara, hospitalized 44 days

By Melanie Evans

Josephine Mazzara watched her husband disappear into a Manhattan emergency room, unable to follow and uncertain when she would see him again.

Once inside, doctors quickly diagnosed Salvatore Mazzara with Covid-19. Soon, the 48-year-old's lungs, kidneys and heart would give out. Doctors tried experimental drugs and tested other therapies in an effort to keep him alive. He was put on a ventilator and when its prolonged use posed a danger, they delivered oxygen directly through a hole cut in Mr. Mazzara's throat.

He survived. But he didn't leave the hospital for six weeks.

Covid-19 has proven a surprising disease, with some patients experiencing few or even

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U.S. NEWS

Fire Causes Partial Collapse of Building Under Construction in Minnesota

SCOTT TAKUSHI/PIONEER PRESS/ASSOCIATED PRESS

SNUFFED OUT: Firefighters were still dousing hot spots in the blaze early Tuesday morning after initially battling flames from outside the structure in downtown St. Paul.

SEC Probes Kodak Deal Disclosure

Continued from Page One

the public announcement. Some media companies then published that information before deleting it following a request from the company.

A Kodak spokeswoman on Tuesday said the company isn't aware of the investigation and would cooperate with any inquiries. An SEC spokesperson declined to comment.

SEC rules require public companies to have policies and systems in place to ensure accurate and timely disclosure of material events. Kodak has said the loan details aren't finalized and that there is no guarantee one will be made.

The government loan, under the Defense Production Act, was meant to expedite domestic production of drugs that can treat a variety of medical conditions. Kodak hopes to produce ingredients for a number of generic drugs, including the antimalarial drug hydroxychloroquine that President Trump has touted in the treatment of coronavirus.

At a White House briefing Tuesday, Mr. Trump distanced himself from the Kodak deal, saying he wasn't involved. "The concept of the deal was good but I'll let you know. We'll do a little study on that," he said.

Television stations in Kodak's hometown of Rochester, N.Y., published stories on July 27 after Kodak sent an advisory to media companies about the initiative. In one article, a Kodak spokesperson was quoted saying the initiative "could change the course of history for Rochester and the American people."

Kodak's advisory didn't restrict media outlets from immediately disseminating the news, an executive at a local ABC affiliate told the Journal.

A copy viewed by the Journal included no embargo time. The Kodak spokeswoman said the company's internal communications team "did not intend for the news to be published by the outlet in question."

The SEC is also expected to examine the stock options granted to executives on July 27, the people said. The option grants instantly became profitable, at least on paper, after Kodak's loan became public.

On Monday, Sen. Elizabeth Warren (D., Mass.) asked the SEC to probe whether any illicit trading occurred before the loan announcement. In a letter to SEC Chairman Jay Clayton, Ms. Warren wrote she was concerned about stock purchases by Kodak directors last month, "at a time when Kodak and the Trump administration were negotiating the deal in secret."

Shares closed at $2.62 on July 27 and went as high as $60 two days later.

Kodak shares closed at $2.62 on July 27, the day it issued the new options, and soared to as high as $60 two days later, according to FactSet.

At recent prices, options on 1.75 million shares granted to Kodak Executive Chairman Jim Continenza the day before the announcement are worth about $16 million. A little more than a quarter of those options vested, or became fully exercisable, the day of the grant. The remainder vest only to the extent that $100 million in convertible notes issued by Kodak last year are turned into shares by investors. On Monday, Kodak said investors had converted $95 million of the notes, but it would pay accumulated interest in cash.

Kodak has said that Mr. Continenza's potential gains haven't been realized and that the executive chairman, Kodak's biggest individual shareholder, hasn't ever sold shares of company stock and has no intention of doing so. As of late March, Mr. Continenza owned 5.8% of Kodak's shares.

"Mr. Continenza has invested more capital in Kodak than he has earned during his tenure," the Kodak spokeswoman said in a statement.

The company has said the July 27 option grant was intended to protect Mr. Continenza against dilution, which would lower the value of his and other outstanding equity holdings in the event that investors converted debt into stock. The company has said it gave him the options that day because it was the first meeting of the board's compensation committee after the company received shareholder approval to use more shares for executive compensation.

Mr. Continenza has said publicly that the loan announcement was in the works for about two months. He and Phillippe Katz, a board member who is also a partner or owner of several investment firms that are significant Kodak shareholders, made purchases of Kodak shares during that time period, securities disclosures show. For both men, the purchases were similar in size or smaller than prior purchases this spring and during the second half of last year, securities disclosures show.

—Geoffrey Rogow, Rachael Levy and Alex Leary contributed to this article.

Auto Giant Appoints New CEO

Continued from Page One

nearly to prepandemic levels, and the company signaled last week a third-quarter profit.

Mr. Farley emerged in February as the leading contender to take over, when the former strategy chief and longtime marketing executive was elevated into the chief operating officer role. His promotion coincided with the sudden retirement of Ford's president of automotive, Joe Hinrichs, who essentially had been serving as a co-No. 2 with Mr. Farley in what many viewed as a competition for the top job.

Ford Executive Chairman Bill Ford Jr. said the CEO change has been planned for some time. He lauded Mr. Hackett for revamping Ford's vehicle lineup, in part by shedding unprofitable sedans, and taking on a major revamp of Ford's business outside the U.S. through a continuing, multibillion-dollar restructuring.

"It's my belief that he still doesn't get enough credit for taking on the tough issues," Mr. Ford said during a media conference call Tuesday.

He also described Mr. Farley as a "car guy" who understands the technological shifts disrupting the car business, from driverless cars to the influx of digital services into the cockpit.

Ford's stock was up 1.4% in early afternoon trading, to $6.78.

"We believe Farley brings a greater sense of urgency and action," Credit Suisse analyst Dan Levy said in an investor note Tuesday.

In an interview, Mr. Farley said his priorities for increasing Ford's profit in the critical North America market include the successful introduction of several new models, including the first new Bronco sport-utility vehicle in more than two decades. He also wants to reduce the cost of Ford's vehicles to boost margins while stamping out nagging quality problems that have driven up warranty costs.

"When we benchmark our competitors, we think there's a lot of opportunity for material cost reduction," he said.

Mr. Hackett, a former office-furniture CEO who had no auto-industry experience before arriving at Ford, was appointed CEO in May 2017. At the time, Mr. Ford praised him as a change agent who could guide a long-range strategy in an industry buffeted by disruption, from big bets on electric and driverless cars to incursions by tech giants looking to take more control of the car's cockpit.

SANDY HOOPER/REUTERS

Jim Farley said his priorities for increasing Ford's profit in the critical North America market include the introduction of several new models.

But beyond mapping the future, Mr. Hackett has grappled with more-pressing problems.

Troubles have popped up in Ford's U.S. business, its main profit generator. The company stumbled last year on the first redesigned Explorer SUV in nearly a decade, one of the auto maker's most important vehicle launches in years. Quality problems on certain models also have led to higher warranty costs, which swelled to around $5 billion, about 30% higher than past years, Mr. Farley told analysts in February.

Mr. Hackett said in an interview that he thought his outsider perspective—which included an emphasis on stripping out layers of bureaucracy and thinking more critically about long-term changes to the car business—rubbed some people the wrong way. He said he believed he had changed Ford's culture and that the financial results will follow.

"The test is our people, not Wall Street or even our customers," he said. "Could they walk away from a bureaucracy that everyone recognized was navigable, but really was slowing us way down?"

Ford's operating profit has fallen for three straight years, including a 9% drop to $6.38 billion in 2019, a year in which executives at one point thought they would increase earnings. Mr. Hackett said in February that he was disappointed in the 2019 results, after having signaled that was the year Ford would reverse the earnings slide.

The Dearborn, Mich., auto maker's results contrast with rival General Motors Co., which has posted better profit margins and shown greater earnings resilience during the pandemic. In the second-quarter, GM breezed past analysts' expectations, reporting a $589 million operating profit for the April-to-June period, while Ford posted an operating loss of $1.9 billion.

Investors during Mr. Hackett's tenure often punished Ford in the wake of the disappointing results. Shares had been hovering around a decade-low before the pandemic sent them down further, though they have rallied about 67% since the spring, to $6.69 at Monday's close. They have fallen 40% since Mr. Hackett took over.

To combat losses overseas, Ford is in the early stages of a multiyear, $11 billion restructuring that includes closing plants and shedding workers in Europe and Latin America.

U.S. WATCH

CALIFORNIA

Insurance Premiums To Rise 0.6% in 2021

Health-insurance premiums for the 1.5 million Californians who purchase coverage through the state marketplace will go up an average of 0.6% next year, state officials said.

From 2015 through 2019, monthly premiums in California's marketplace increased an average of 8.5 percentage points per year. But since then, California's Democratic-controlled Legislature and governor have passed laws aimed at getting more healthier people to buy coverage.

The result was an average premium increase of 0.8% in 2020. Next year's increase is even lower, in part because of more people buying insurance during the coronavirus pandemic. More than 230,000 people have signed up for coverage since March 20, a day after Gov. Gavin Newsom issued a statewide stay-at-home order.

Premiums average about $587 a month for an individual. But about 90% of the people who buy coverage through Covered California receive state and federal subsidies of about $450 a month, lowering their premium to about $137 per month.

—Associated Press

MICHIGAN

Ex-Coach to Be Jailed For Lies During Probe

A former Michigan State University head gymnastics coach was sentenced Tuesday to 90 days in jail for lying to police during an investigation into former Olympic and university doctor Larry Nassar.

Kathie Klages, 65 years old, was found guilty in February of a felony and a misdemeanor for denying she knew of Mr. Nassar's abuse prior to 2016 when survivors started to come forward publicly. She also was sentenced to 18 months of probation.

Ms. Klages testified at trial, and in a statement Tuesday, that she didn't remember being told about the abuse.

Two women testified in November 2018 that they told Ms. Klages in 1997 that Mr. Nassar had sexually abused them and spoke Tuesday in court ahead of the sentencing.

One of the women, Larissa Boyce, testified that Ms. Klages held up a piece of paper in front of the then-teenager and warned that if she filed a report there could be serious consequences.

—Associated Press

AIR FORCE

Unarmed Missile Tested in Pacific

An unarmed Minuteman 3 intercontinental ballistic missile was launched from California early Tuesday on a test flight to a target in the Pacific Ocean, the Air Force Global Strike Command said.

The missile blasted off at 12:21 a.m. from Vandenberg Air Force Base. Its three re-entry vehicles traveled 4,200 miles to the Kwajalein Atoll in the Marshall Islands as part of a developmental test, the command said from Barksdale Air Force Base, Louisiana.

Test launches are essential to sustaining the aging Minuteman 3 nuclear weapon system, said Col. Omar Colbert, the 576th Flight Test Squadron commander.

The Air Force said test launches aren't a reaction to world events. The launch calendars are developed three to five years in advance, and planning for individual launches takes six months to a year.

—Associated Press

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CORRECTIONS & AMPLIFICATIONS

President Trump said he was ready to approve a purchase of the U.S. operations of the Chinese video-sharing app TikTok. In some editions Tuesday, a Page One article about **Microsoft** Corp.'s negotiations for TikTok's U.S. operations incorrectly implied that the talks involved all of TikTok.

South Carolina was misspelled as South Caroline in a World-Wide item in some editions Tuesday about Hurricane Isaias.

China's Supreme Court in June upheld the validity of **Shanghai Zhizhen Network Technology** Co.'s Chinese patent for a voice assistant similar to **Apple** Inc.'s Siri. In some editions Tuesday, a Technology article about the Shanghai company's patent-infringement lawsuit against Apple incorrectly said Shanghai Zhizhen recently was awarded a Chinese patent.

HSBC Holdings PLC's stock fell 2.9% Monday in London trading. In some editions Tuesday, a Banking & Finance article about HSBC's quarterly earnings incorrectly said the stock fell 4.7%.

The Mutual Funds table in the July 25 Exchange section incorrectly republished the July 23 closing data labeled as July 24. The Mutual Funds table in the July 28 Business & Finance section incorrectly contained July 24 closing data labeled as July 27. Tables with the correct data for July 24 and July 27 are available at WSJ.com/Corrections.

Hillary Clinton won 45% of the votes of white women in the 2016 presidential election, according to a Pew Research Center study of validated voters. A Review essay Saturday about women's suffrage incorrectly said the figure was 55%.

Notice to readers

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U.S., China Set Meeting On Trade Deal

The U.S. and China have agreed to high-level talks on Aug. 15 to assess Beijing's compliance with the bilateral trade agreement signed early this year, according to people briefed on the matter.

*By **Lingling Wei** in New York and **Bob Davis** in Washington*

The trade pact has emerged as one of the few remaining avenues for the two countries to engage on matters of mutual concern. Relations have deteriorated in recent months, with the Trump administration hammering Beijing over the coronavirus outbreak, Hong Kong and the treatment of Uighurs in western China.

U.S. Trade Representative Robert Lighthizer and Chinese Vice Premier Liu He, President Xi Jinping's point man on economic policies, will participate in the talks, likely via videoconference, the people said.

The focus will be on the so-called phase-one deal, which includes China's commitment to boost its U.S. imports by $200 billion over two years. So far, China has fallen well short of the pace needed to reach the target, even though it has increased purchases of American soybeans, pork, corn and other farm products in recent months.

Mr. Liu—whose portfolio includes oversight over China's technology sector—is also expected to raise concerns about the U.S. crackdown on Chinese tech companies, the people said.

"He would want to discuss how the U.S. can work toward not surprising the Chinese with daily policy actions," one of them said.

The U.S. Trade Representative's office declined to comment.

Speaking at Aspen Security Forum on Tuesday, China's U.S. Ambassador Cui Tiankai said the coronavirus has impeded normal trade flows. He said the "two economic teams have been in contact with each other" and that Beijing is doing its best to implement the trade agreement.

Relations between the two countries have deteriorated since the trade pact was signed in January, with Mr. Trump repeatedly blaming China for the spread of the coronavirus.

On Tuesday, the Health and Human Services Department said Secretary Alex Azar will visit Taiwan in coming days to discuss the pandemic among other issues, adding another irritant to ties with China. Beijing objects to high-level U.S. contacts with the democratic, self-governed island, which China regards as its territory.

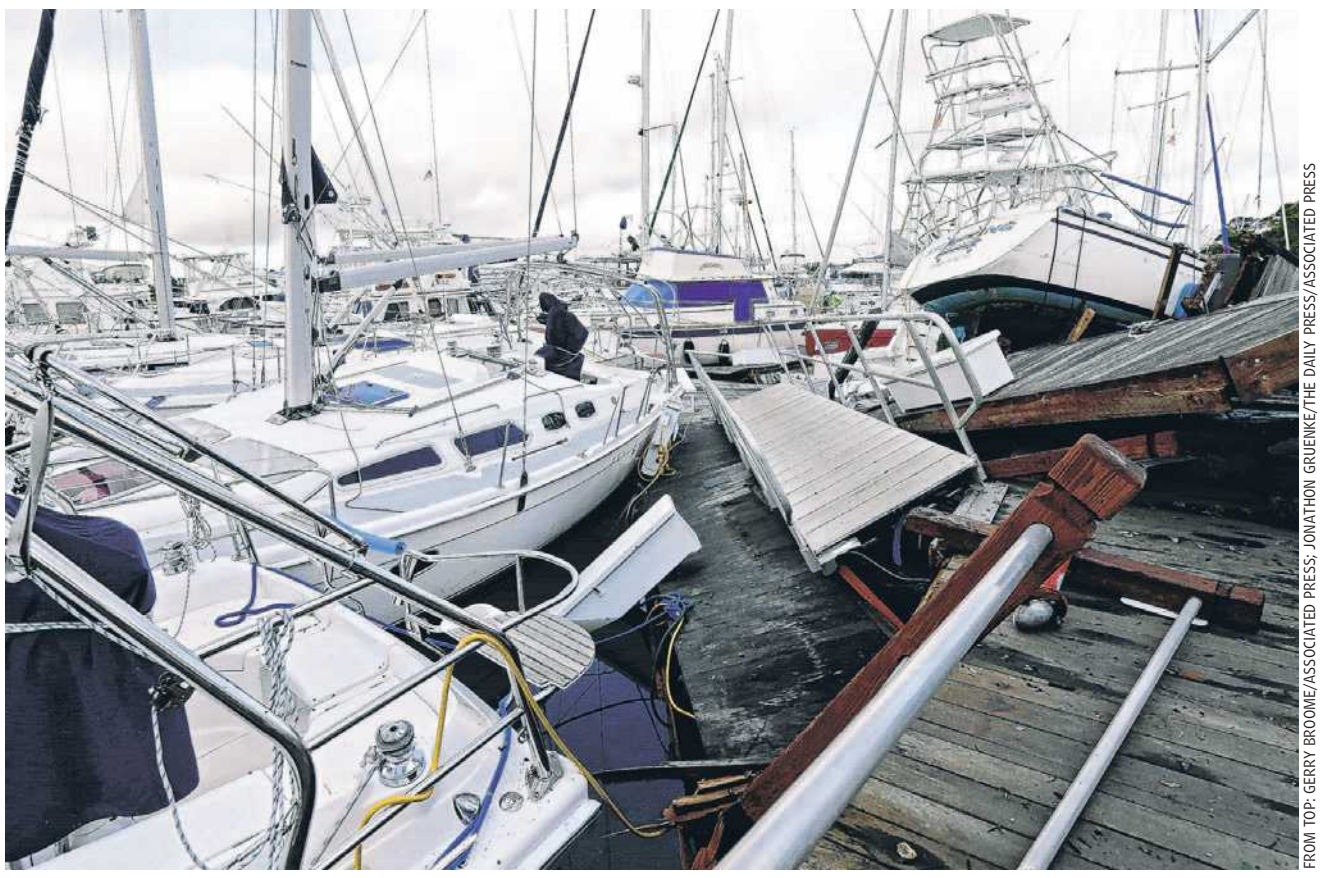
The scheduled discussion between the U.S. and China follows weeks of efforts by less-senior Chinese officials to court U.S. companies. The sessions have involved Mr. Liu's top aide, Liao Min, and Deputy Commerce Minister Wang Shouwen. The pair have had videoconference calls with groups led by the U.S. Chamber of Commerce, the U.S.-China Business Council and the American Chamber of Commerce in China, among others.

During those sessions, participants said, U.S. companies have brought up their concerns about the slow pace of Chinese purchases of an array of U.S. goods and services, such as energy and medical equipment, as well as regulatory issues.

As of June, China's purchases of all products covered by the trade pact were $33.3 billion, only at around 47% of their year-to-date targets, according to Chad Bown, a senior fellow and trade expert at the Peterson Institute for International Economics.

The Chinese officials have reiterated their commitment to carrying out the phase-one deal and have sometimes made a pitch for U.S. companies to press the Trump administration to "stabilize the relationship."

U.S. companies haven't volunteered to help out on political issues, said participants, who said they feel as if they are caught in a vise. Beijing is pushing for help while the Trump administration warns against taking such action.



FROM TOP: GERRY BROOME/ASSOCIATED PRESS; JONATHON GRUENKE/THE DAILY PRESS/ASSOCIATED PRESS

Boats were piled atop one another in Southport, N.C., on Tuesday, after the effects of Isaias, which made landfall as a hurricane.

Storm Leaves Damage, Outages After Churning Up Atlantic Coast

By Valerie Bauerlein

Tropical Storm Isaias churned up the East Coast Tuesday, leaving downed trees, flooding and about 2.5 million homes and businesses without power from North Carolina to Massachusetts.

Isaias made landfall late Monday as a Category 1 hurricane near Ocean Isle Beach, N.C. Maximum sustained winds reached 85 miles an hour but dropped to 65 to 70 miles an hour as the storm traveled briskly north across land.

The storm spawned numerous tornadoes, the National Hurricane Center said. One twister in Windsor, N.C., flattened a mobile-home park, destroying homes and lives. Two people died and a dozen were hospitalized in the incident, North Carolina Gov. Roy Cooper said.

In New York City, a 60-year-old man was killed when a branch fell and struck the car where he was sitting, New York Police Department officials said.

A man walked past a damaged house in Suffolk, Va., on Tuesday.

A couple of possible tornadoes were reported in southern Maryland, and the storm caused flooding in several counties, including in the Washington, D.C., metro area, said National Weather Service meteorologist Austin Mansfield.

In northwest Philadelphia, several cars were stuck in flood waters near the Schuylkill River, police said.

By Tuesday afternoon, about 2.5 million customers were without power along the East Coast, according to poweroutage.us, which tracks outage reports from utilities.

Isaias largely spared Florida and South Carolina from damage and wreaked less havoc in North Carolina than previous years' storms, such as Hurricane Florence in 2018.

Phil Klotzbach, a hurricane specialist at Colorado State University, said on Twitter that Isaias was significant because it came early in what is already an active hurricane season, which stretches from June through November. Bertha, Cristobal, Fay and Hanna also made landfall in the continental U.S. this summer, he said.

"This is the earliest on record that 5 Atlantic named storms have made continental U.S. landfall," he tweeted. "Prior record was 8/18/1916."

The National Oceanic and Atmospheric Administration said it expects to see as many as 10 hurricanes—of which three to six are expected to be rated a major hurricane of Category 3 or higher. The prediction is based on warmer ocean temperatures and weaker trade winds in the main hurricane development region of the tropical Atlantic and Caribbean Sea, forecasters have said.

—Scott Calvert contributed to this article.

TRACY BARBUTES FOR THE WALL STREET JOURNAL

A park ranger patrolled the Glacier Point area in California's Yosemite National Park last month.

New Law Boosts National Parks Funding

By Timothy Puko

At the busiest part of the Grand Canyon, the South Rim, site to millions of tourists every year, water sometimes is a little hard to come by.

Restaurants rely on paper goods so they don't have to wash dishes. They don't serve glasses of water unless asked. Hotels switch to low-water cleaning methods for their rooms.

The desert isn't the problem—it is the pumps, and it has been for years. At least as far back as the 1990s the park's water pumps have failed 10 to 12 times a year, with each outage costing $15,000 to repair. The problem is still outstanding, and the park hasn't had the money needed to fix it, now estimated to be $52 million, according to the National Park Service.

After years in which billions worth of undone maintenance like this backed up across the National Parks system, President Trump signed a bill into law on Tuesday that guarantees investment larger than anything the national parks have received in decades, park advocates say. It is the culmination of a decadeslong push from conservationists that had only limited success under prior Democratic and Republican administrations.

"This is truly God's creation," Mr. Trump said during a signing ceremony at the White House. "President Theodore Roosevelt was right when he called these exquisite resources."

The new law, called the Great American Outdoors Act, puts as much as $9.5 billion toward a National Park System backlog in deferred maintenance, which has grown to $12 billion since the 1990s. Funding starts in the 2021 fiscal year.

Expect remodeled buildings, new water systems and other improvements to the backbone of the park system, Interior Secretary David Bernhardt said in an interview on Monday with The Wall Street Journal. His department will have 90 days to report to Congress on what projects take priority, with a congressional mandate to use most of the money beyond transportation.

Expanded parking, revamped campgrounds and more employee housing are also likely. Interior Department agencies can use that money for expansion, not just restorations, Mr. Bernhardt said.

"There are absolutely opportunities for improving and enhancing outmoded facilities. I don't think there's any question about that in the law," Mr. Bernhardt said. "This is a very significant cornerstone to the development of the park service over the next century."

The bill long had support from congressional Democrats. This year, Mr. Trump joined with a pair of Western-state Senate Republicans to push for the bill's passage, creating a pathway for it to become law with bipartisan support.

Both Sen. Cory Gardner (R., Colo.)—who wrote the bill with Sen. Joe Manchin (D., W.Va.)—and Sen. Steven Daines (R., Mont.), who sponsored the legislation, are campaigning on its success. Messrs. Gardner and Daines are facing competitive re-election races this fall in states where supporting outdoor recreation and the related economy could prove popular. The pair met with Mr. Trump on the bill and drew 13 other Senate Republican co-sponsors. The measure passed the chamber 73 to 25, with unanimous support from the Democrats present and backing from roughly half of Republicans.

States Urge Halt to Deliveries of Seeds

By Jesse Newman And Jacob Bunge

State agriculture officials are urging the U.S. Postal Service to stop delivering the mysterious seed packages that have been arriving in mailboxes across the country, mailings that federal officials believe are coming from China.

Agriculture officials from several states have pressed the federal government to halt deliveries of packages that may contain the seeds, as states continue to be inundated by reports from people across the U.S. who have received them. Officials are concerned the seeds could introduce weeds, pests or diseases that could harm U.S. agriculture.

The U.S. Department of Agriculture said last week it had identified 14 species of seeds, from mustard and morning glory to cabbage, rosemary and roses. As of last Wednesday, there was no indication the seeds carry pests or diseases, according to the USDA. Several states say they have identified seeds of weed species that could pose a threat to crops and native plants.

"We are working closely with [U.S. Customs and Border Protection] to intercept illegally imported seed packages," a USDA spokesperson said in a statement. "We're also working with other federal authorities, the U.S. Postal Service, express carriers, and online marketplaces to stop future deliveries."

Agricultural officials in Mississippi and Minnesota said they had asked the USPS whether the agency could identify and intercept seed packages.

Since late July, hundreds of people across at least 22 states and other countries have received in the mail unsolicited packages containing seeds. Many have contacted local agricultural officials, who are urging people not to open or handle the seeds, and to turn them in for analysis.

A state agriculture official said the federal government is investigating whether the seed packages originated from a single source, and whether the return address labels are accurate.

"We have not identified the source of the seed packages, but they appear to be coming from China," a USDA spokesperson said.

China's foreign ministry said last week that mailing labels on the seed packages were forged and the country had asked the U.S. to send the packages to China for investigation. This week it had no comment.

Investigators are studying whether return address labels are accurate.

The USDA has said it has no evidence the packages are anything other than a "brushing scam," in which vendors selling through online retailers like **Amazon.com** Inc. pay "brushers" to place orders for their products, with packages with low-value or no contents being shipped to strangers. Brushers then pose as the buyers and post fake customer reviews to boost the vendor's sales.

Amazon reiterated Monday its view that the seed packages appear to be delayed packages due to Covid-19.

The company, however, is still investigating any connection the platform may have to the packages and whether brushing is involved, a person familiar with the matter said. Amazon has been in contact with the USDA to resolve the matter.

Negotiators Make Progress on Stimulus

White House and Democrats cite concessions but say disagreements remain

By Siobhan Hughes And Kristina Peterson

MICHAEL REYNOLDS/EPA/SHUTTERSTOCK

Senate Majority Leader Mitch McConnell, center, walked to a Republican policy luncheon on Capitol Hill on Tuesday.

WASHINGTON—White House negotiators said they aim to reach a deal with Democrats on a new coronavirus-relief package by week's end, with both sides saying they made progress in talks aiming to bridge differences in unemployment payments and other aid proposals.

"We're going to try to reach an overall agreement, if we can get one, by the end of this week, so that the legislation could be then passed next week," Treasury Secretary Steven Mnuchin told reporters Tuesday after meeting with House Speaker Nancy Pelosi (D., Calif.) and Senate Minority Leader Chuck Schumer (D., N.Y.). "Some issues we've been able to agree on. Some significant issues are still up."

Democrats characterized their afternoon meeting with White House officials as a slow but productive grind, and both sides said they expected to be back at the bargaining table on Wednesday.

"We're still slogging through step by step by step," Mr. Schumer told reporters. "They made some concessions, which we appreciated. We made some concessions, which they appreciated. We're still far away on a lot of the important issues, but we're continuing to go at it."

Neither side disclosed details of the offers that had been made on either side, or whether progress had been made on the most intractable of the issues, including aid for states and localities and how much money the federal government would provide to supplement state jobless aid.

Democrats want to extend the weekly $600 federal unemployment benefit that ended Friday and did so in the $3.5 trillion coronavirus-aid bill that passed the House in May. Republicans have been floating different ideas for benefits at a lower rate but haven't coalesced around one proposal.

The comments from negotiators came a day after President Trump said he was considering issuing executive orders without waiting for a legislative agreement.

White House officials are discussing potential orders to suspend the payroll tax, impose limitations on evictions and restore some of the expired jobless benefits, people familiar with the matter said.

Senate Republicans, who have been divided over their own roughly $1 trillion aid proposal, said they were still sorting out what GOP measures the Senate might vote on this week.

Mr. Schumer said Republicans' proposals so far fell short of the resources needed to counter the crisis.

"The gap between our two parties in the negotiations is about priorities and about scale," he said on the Senate floor Tuesday.

Republicans have said the $600 benefits were too generous to motivate people to return to work; Democrats have said keeping people home safely during the pandemic should be the priority and have cited economists who say there is no evidence so far that the payments are a deterrent.

Senate Majority Leader Mitch McConnell said Democrats were talking up progress in their negotiations without being willing to make compromises.

"It's like they expect applause for merely keeping a civil tone with the president's team," he said on the Senate floor Tuesday.

With talks dragging out, Senate Republicans expected that no deal would be reached this week and they were bracing to be in session next week as well, canceling the first part of their August break.

"I think there's an impasse," said Sen. Richard Shelby (R., Ala.), chairman of the Senate Appropriations Committee, coming out of a GOP lunch at which Mr. Mnuchin spoke. "Nothing's moving."

The federal government paid $16.4 billion in enhanced unemployment benefits for the week ended July 25, the Labor Department said. That means roughly 27 million Americans received a federal $600 payment in addition to state benefits.

Economists say those payments, and other stimulus, have allowed Americans to pay their mortgage and utility bills and avoid evictions and missed payments on car loans and credit cards.

The National Multifamily Housing Council said nearly the same share of renters made payments in June, 95.9%, as they did a year earlier, when unemployment was near a 50-year low.

Lawmakers and the White House also are at loggerheads about whether to provide aid to financially strapped states and localities, how much money to allocate for controlling the virus and whether to increase food stamp benefits, among others.

—Eric Morath and Andrew Restuccia contributed to this article.

Marshall Wins Kansas GOP Primary

By Lindsay Wise

EMILY ELCONIN/BLOOMBERG NEWS

An election official disinfected a voting booth Tuesday at a polling station in Dearborn Heights, Mich.

Rep. Roger Marshall defeated former Kansas Secretary of State Kris Kobach in the GOP primary for an open Senate seat, a result seen as bolstering Republican hopes of hanging on to their majority in the chamber this fall.

Mr. Marshall, a gynecologist and congressman from western Kansas, ran first in a field of 11 Republicans vying for their party's nomination to replace retiring Sen. Pat Roberts (R., Kan.).

With about three-quarters of precincts reporting Tuesday night, Mr. Marshall had 39% of the vote to 26% for Mr. Kobach, and 19% for businessman Bob Hamilton.

In November, Mr. Marshall will face Democrat Barbara Bollier, a state senator and retired anesthesiologist from suburban Kansas City who easily won her primary on Tuesday night.

Mr. Kobach, an outspoken opponent of illegal immigration, won GOP primaries for the U.S. House in 2004 and governor in 2018 but went on to lose to Democrats, sparking alarm among some Kansas Republicans and GOP strategists in Washington who saw Mr. Kobach as a divisive and disorganized candidate who struggled to fundraise.

Senate Majority Leader Mitch McConnell (R., Ky.) had tried to recruit Secretary of State Mike Pompeo to run, believing that he could beat Mr. Kobach and win in the general election. Mr. Pompeo declined.

President Trump didn't endorse a candidate in the race.

Democrats need to flip at least three seats in November to take control of the Senate, or four if President Trump wins re-election. The strategic significance of Kansas on the 2020 Senate map is evident from the $17 million that has poured into television and radio ads through the beginning of this week, with most aimed at swaying Republican primary voters, according to political ad tracker Kantar/CMAG.

Mr. Kobach had said that he could beat Mrs. Bollier, especially with Mr. Trump on the ballot. He said the opposition to his candidacy came mostly from members of the Washington GOP establishment ,whom he derided as insufficiently conservative.

Meanwhile, the staying power of "the squad," the firebrand progressives who swept into the House two years ago, faced its biggest test Tuesday, as Michigan Democrats voted whether to renominate Rep. Rashida Tlaib for Congress.

Michigan voters were also set to elect a set of candidates to vie in November for the seat being vacated by Rep. Justin Amash, a libertarian who left the Republican Party last year after coming out in support of impeaching President Trump, among other races.

White House Pulls Nomination for FCC Post

By Ryan Tracy

CHIP SOMODEVILLA/GETTY IMAGES

Mike O'Rielly was awaiting Senate confirmation for a new term.

WASHINGTON—The White House withdrew Mike O'Rielly's nomination for a new term on the Federal Communications Commission because of reservations he expressed about President Trump's initiative to regulate how social-media platforms treat user-generated content, said people familiar with the matter.

Mr. O'Rielly, a 49-year-old Republican, was nominated for a five-year term in March and had been awaiting Senate confirmation. An FCC commissioner since 2013, he lost the White House's support after suggesting the FCC may lack the legal authority to implement Mr. Trump's initiative, the people said.

The White House notified the Senate on Monday that it was withdrawing Mr. O'Rielly's nomination. A White House spokesman declined to comment on the reasons for the move, calling it a personnel matter. A representative for Mr. O'Rielly declined to comment.

Without the Senate's approval, Mr. O'Rielly must leave the post before a new Congress begins next year. If the position isn't filled by then, the FCC potentially will be deadlocked with two Republican and two Democratic members. The White House didn't announce a new nominee Monday.

The Commerce Department last week petitioned the FCC to reinterpret key elements of Section 230 of the 1996 Communications Decency Act. That provision has given online firms broad immunity from legal liability for their users' actions, and wide latitude to police content on their sites.

The petition followed an executive order Mr. Trump signed in May targeting perceived censorship of conservatives online. That order came after Twitter Inc. said it would apply a fact-checking notice to tweets by the president with unsubstantiated statements about voter fraud.

The internet industry is expected to oppose any attempt to reframe Section 230 as an intrusion on the free-speech rights of technology companies. In a June 10 appearance on C-Span, Mr. O'Rielly expressed "deep reservations" about whether the FCC has legal authority to take action.

In a speech last week to the Media Institute, a nonprofit foundation, Mr. O'Rielly expanded on that point. "We should all reject demands, in the name of the First Amendment, for private actors to curate or publish speech in a certain way," he said.

Andrew Jay Schwartzman, a senior counselor at the Benton Institute for Broadband and Society think tank, said the withdrawal of Mr. O'Rielly's nomination could potentially allow Democrats to fill the open slot on the FCC if they take the White House in November.

Parties Work to Weed Items Out As They Talk Aid

By Kristina Peterson

As negotiators work to iron out a compromise on unemployment payments, school funding and other pressing matters related to the pandemic, Republicans and Democrats are also trying to weed out items they say have nothing to do with the outbreak.

The latest stimulus package is expected to run north of $1 trillion, and large bills in Congress inevitably attract spending proposals that have little or nothing to do with the core thrust of the legislation. This time—and with not much else expected to get passed before the election—some lawmakers and President Trump included pet projects in their parties' plans in the hopes they survive in any eventual deal.

They have been met with a cool reception. Democrats have criticized items pushed by the White House, while Senate Majority Leader Mitch McConnell (R., Ky.) said he was opposed to all measures not closely connected to pandemic relief—whether they came from Democrats or Republicans.

Here's a look at what could be on the chopping block—or might stay in as a bargaining chip.

From the Senate GOP bill released last week

◆ $1.75 billion to build a new FBI headquarters

The Trump administration abruptly canceled plans in 2017 to build a suburban FBI campus. Instead, it pushed to keep the agency's downtown Washington location, and the White House is pushing for funds to construct a new building. Keeping the FBI downtown would prevent the redevelopment of the site, which is near the Trump International Hotel. Both Democrats and Republicans have widely criticized the inclusion of the funds in the bill. "You have to be near the Justice Department," Mr. Trump has said.

◆ $377 million for renovations to the West Wing and a screening facility

This is another proposal from the White House. Press secretary Kayleigh McEnany said Friday that much of that funding would "pertain to safety protocols," including filtration systems, enhanced communication ability and other "needs highlighted by the pandemic."

◆ Assorted spending on defense systems and weapons

In the GOP bill, Senate Republicans included $29 billion for the Defense Department, including $686 million for F-35 jet fighters, $283 million for Apache AH-64 attack helicopters, $1 billion for maritime surveillance aircraft, and $1.5 billion for four expeditionary medical ships. In some instances, the bill replenishes defense funds that were redirected in previous years by the administration to help build the wall along the Mexican border. Senate Armed Services Committee Chairman James Inhofe (R., Okla.) has said that while the stimulus bill isn't the ideal place for military spending, the military needs every opportunity possible for rebuilding.

From Democrats' House bill passed in May:

◆ Repeal of the $10,000 cap on the state and local tax deduction for 2020 and 2021

In their 2017 tax overhaul, Republicans placed a $10,000 cap on the amount of state and local taxes that taxpayers can deduct from federal taxable income. Governors of high-tax states such as New York and New Jersey want Congress to eliminate the cap. Doing so would help their constituents, make it easier for them to raise state and local taxes, and reduce incentives for people to move to lower-taxed states. Repealing that limit would also deliver direct tax cuts to high-income households, according to the Tax Policy Center. "We need to cushion the blow of this virus," Senate Minority Leader Chuck Schumer (D., N.Y.) has said.

◆ Banking access for marijuana businesses

The provision would protect financial institutions that serve marijuana businesses in states where the substance is legal. Federally insured depository institutions are prohibited from offering financial services to such businesses, forcing the companies to deal primarily in cash. Supporters say the proposal would make it easier for legitimate marijuana businesses to conduct transactions without cash. "I don't agree with you that cannabis is not related to this. This is a therapy that has proven successful," House Speaker Nancy Pelosi (D., Calif.) said last week.

Survivors' Plasma Found to Cut Covid Mortality

By Amy Dockser Marcus

Hospitalized Covid-19 patients who received transfusions of blood plasma rich with antibodies from recovered patients reduced their mortality rate by about 50%, according to researchers running a large national study.

The researchers presented their data analysis Saturday in a webinar for physicians interested in learning about so-called convalescent plasma, with data slides that were reviewed by The Wall Street Journal. The researchers said they saw signs that the treatment might be working in patients who received high levels of antibodies in plasma early in the course of their illness. They based their conclusions on an analysis of about 3,000 patients.

Patients who at three days or less after diagnosis received plasma containing high levels of antibodies against the coronavirus had a mortality rate of 6.6% at seven days after the transfusion. That compared with a mortality rate of 13.3% for patients who got plasma with low levels of antibodies at four days or more after diagnosis. That indicates reduced mortality of about 50%, the researchers said.

At 30 days after transfusion, the mortality rate was reduced by about 36%, investigators reported.

The sharing of the data comes as the Food and Drug Administration is nearing a decision to authorize emergency use of convalescent plasma for treating people infected with the coronavirus. The FDA can't comment on whether it would take such action, a spokeswoman said.

The unpublished research shows a benefit from plasma rich in antibodies.

The data were submitted to the FDA, which is sponsoring an expanded-access program led by the Mayo Clinic in Rochester, Minn. The Mayo Clinic organized the webinar.

The data haven't been published in a journal or subject to peer review. At the webinar presentation, investigators said the conclusions are their own and don't represent an official government endorsement of efficacy of convalescent plasma.

The FDA can't comment on the conclusions of the investigators, a spokeswoman said, adding that, as with other medical products, the FDA is assessing "all of the available evidence that could potentially support the use of convalescent plasma for the management of Covid-19."

There is a long history of using convalescent plasma to treat people during large viral outbreaks, including the 1918 influenza pandemic and the 2014 Ebola outbreak in West Africa.

Many doctors and hospitals are treating hospitalized Covid-19 patients with convalescent plasma under compassionate-use protocols or as part of studies.

The Mayo-led expanded-access program was set up to allow broad and quick access to convalescent plasma, and to ensure the safety of using antibodies from someone who recovered from the coronavirus to improve the immune response of a newly infected individual.

Investigators said they initially thought a few thousand people might receive convalescent plasma through the expanded-access program. More than 53,000 Covid-19 patients have received it to date.

Randomized controlled clinical trials of convalescent plasma therapy are under way, including several studies examining its potential effectiveness in outpatient clinics. At present, only hospitalized patients have access to convalescent plasma.

Some States Improve as Cases Ease

By Allison Prang And Talal Ansari

Some hard-hit states appeared to be getting a respite from rising case counts and hospitalizations as the U.S. reported fewer than 50,000 new coronavirus cases for the second day in a row.

The daily tally of new cases in the U.S. was more than 45,000, slightly lower than the previous day's total, marking the smallest daily gain since July 6, according to data compiled by Johns Hopkins University. The total U.S. death toll was more than 155,000.

Eighteen states saw the seven-day average of new confirmed cases rising faster than the 14-day average as of Monday, according to a Wall Street Journal analysis of Johns Hopkins data. That was the situation in 48 states a month earlier, so the data reflect declines in confirmed new cases in many parts of the U.S.

Comparing the one- and two-week averages of new cases helps smooth out anomalies in the data, such as lags in reporting.

In 11 states, including Vermont, Texas, South Carolina, New York, Arizona and Louisiana, the seven-day average of new cases stayed lower than the two-week average for a week or more.

LM OTERO/ASSOCIATED PRESS

A free computer for distance learning was handed to a family with a middle-schooler in Dallas Tuesday.

Four virus hot spots—Arizona, California, Texas and Florida—started showing signs of improvement after being pummeled by the virus in July. Confirmed cases had skyrocketed in Florida, Texas and California last month, pushing all three past hard-hit New York as the states with the highest number of infections.

Recent days have shown some easing—Florida and California on Monday both reported their lowest new case counts in about a month, with 4,752 cases and 4,676 cases, respectively. But in Florida, the number of tests given has been falling, and the state was forced to shut some testing sites for several days because of the tropical storm.

Arizona has seen new daily cases recede, but the seven-day average of the number of tests given has dropped to 12,298, from 14,080 over the past month, according to data from the Covid Tracking Project.

Other metrics in those hard-hit states showed signs of improvement. The seven-day average of positive tests in Texas, Arizona and California has declined from a month ago, despite spiking in each state in July. In Florida, that metric was up slightly from a month ago, but lower than in recent days.

Broadly speaking, the positivity rate is still high in most of those states: The seven-day average was above 18% in Arizona and Florida, and more than 13% in Texas, according to the data.

The World Health Organization advised governments that before reopening, positivity rates should remain at 5% or lower for at least 14 days. According to data from Johns Hopkins, only 17 states have met that criteria.

In Texas and California, hospitalizations are falling from July peaks, according to the Covid Tracking Project. Both still had more people in hospitals than a month earlier: In Texas 8,819 people were hospitalized, up from 7,652 a month ago, and in California there were 7,629 patients in hospitals, up from 7,024 a month ago. The number of patients in intensive care in California has risen from a month ago, but declined since mid-July.

California Gov. Gavin Newsom said the recent decline in new infections and hospitalizations is a sign the state was starting to see the spread of the virus slow.

"It's encouraging. At the same time, we can quickly find ourselves back to where we were just a few weeks ago," Mr. Newsom said.

While the number of new cases and hospitalizations appeared to be receding in some states, the number of deaths remains elevated. The number of reported deaths has roughly doubled in Florida and Arizona from a month earlier, and increased by 50% in California. In Texas, the death toll more than doubled, to 7,016 from 2,600 on July 3.

Colleges Assess Plans to Shut Down Again

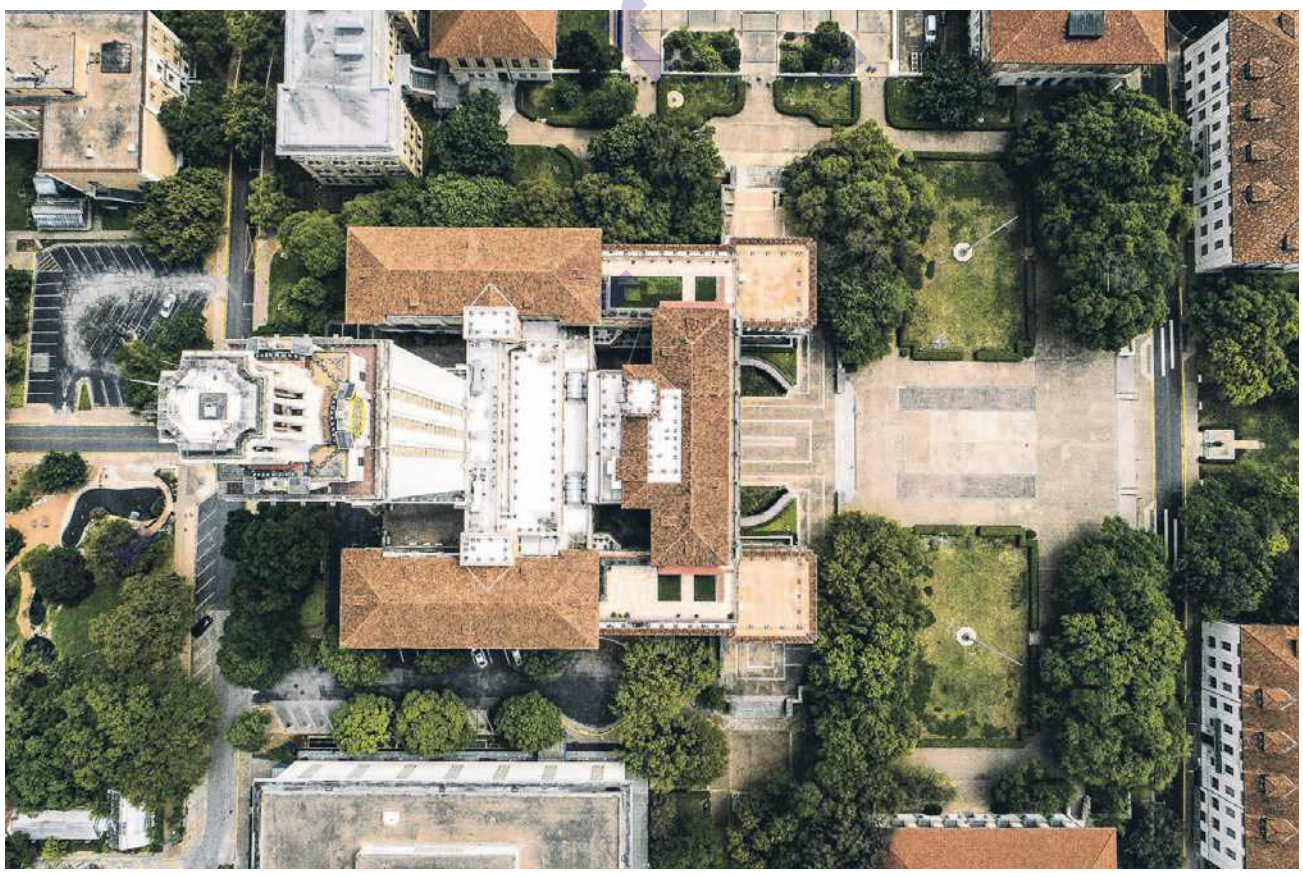
By Melissa Korn And Douglas Belkin

Colleges spent the first part of the summer deliberating how to reopen campuses and classrooms. Now, they are spending the remainder thinking through what kind of dangers it would take to close them.

By setting hard triggers for a potential shutdown, schools that are planning to bring students back to campus hope to avoid the chaos that accompanied their March closures. Creating those plans means considering possibilities like student or staff deaths, increasing infection rates and full ICU facilities.

There is no clear federal guideline for how to press pause, leaving colleges, along with states, cities and K-12 schools, on their own to figure out protocols.

Colleges and universities have assembled large teams to think through quarantine plans and contact tracing in case of an outbreak, as well as when to shut down dining halls and classrooms and how to weigh the risks of sending students home.



JAY JANNER/TNS/ZUMA PRESS

The University of Texas at Austin has laid out a comprehensive list of variables to be weighed before it reverses course on opening.

Many schools have earmarked dorms or even nearby hotels as potential space to isolate symptomatic students; they'll provide food and medical care and attempt to warn others who may have been exposed. But the number of rooms set aside varies widely. In the event of a crisis outbreak, students could be asked to leave some campuses on short notice.

The University of Texas at Austin laid out a comprehensive list of variables to be weighed to change course, including a student death, high rates of employee absenteeism, limited isolation facilities and a two-week upward swing in the percentage of tests coming back positive.

"From the very beginning of the process, one of the things we knew was that the situation was going to change over time," said Arthur Markman, a psychology professor at UT Austin who is part of the planning group that helped steer the school toward a reopening. "We made an assessment of where we would like to be when we open as well as at various stages including when we might have to get out."

Syracuse University has identified five levels of outbreaks and plotted out how it would react to each one, from 10 or fewer cases that can be contained, up to an outbreak of more than 100 cases where transmission is occurring at a significant rate and "there is no realistic strategy to contain or control the situation," according to the school's plan.

Some schools are choosing not to publicize the bleak calculus for when continuing on campus would no longer be possible, including benchmarks for how many illnesses may be too many or when the local hospital's intensive care unit is too full, because it is too much of an admission that such awful developments could come to fruition.

"Most schools have a plan in place, but they will not release it," said Luis Toledo, a data and policy analyst at the College Crisis Initiative at Davidson College, which is tracking how U.S. schools are dealing with the pandemic. "If you release it and acknowledge there is a possibility of students dying, it begs the question: Why are you bringing students back in the first place?"

Some schools are still focusing on the logistics of reopening, including housing fewer students in each dorm, installing Plexiglas in the financial-aid and registrar's offices and fielding questions from faculty. Many institutions are hoping to avoid shutdowns by starting classes early and sending students home at Thanksgiving.

For the University of Kentucky, it is less about numbers than about trend lines, spokesman Jay Blanton said.

That school will keep an eye on infection rates on campus and around the Lexington region and is checking nightly capacity at the university hospital. It may also need to shut down campus if personal protective gear becomes difficult to obtain, or its app that will allow students and staff to report their daily health status fails.

"It's the combination of factors rather than one specific trigger or threshold," Mr. Blanton said.

Colby College in Maine, which is bringing students back with a comprehensive testing protocol and mix of in-person and online classes, has set out plans for four color-coded levels of operation, with partial shutdowns of classrooms, dining halls and exercise facilities possible, if needed.

But it's not as simple as saying they will move the safety level from yellow to the more critical orange level with five cases of Covid-19 on campus, or to red with 10 cases, President David A. Greene explained.

For example, if there were 10 cases but they were all among students in the orchestra, easily tracked and isolated, he said, that might not cause as much alarm as fewer cases across multiple dorms and without clear connections.

Fed Report Examines Toll On Black-Owned Businesses

By Amara Omeokwe

Businesses owned by Black people were hit especially hard by the coronavirus pandemic because of a combination of geography, limited reach of a key federal aid program and weaker ties to banks, a new report from the Federal Reserve Bank of New York finds.

This report offers "some pretty compelling evidence about the coincidence of the health crisis and business crisis in places that have high concentrations of Black businesses and Black residents," said Claire Kramer Mills, assistant vice president at the New York Fed.

Ms. Mills and co-author Jessica Battisto studied why the number of active business owners fell more sharply for Black firms than for other groups between February and April.

Their analysis found a modest positive link between the share of Black-owned businesses and the number of Covid-19 cases per 1,000 residents through the end of June. It found that counties with higher shares of white-owned businesses had a lower incidence of Covid-19 cases.

The findings are "an indication that areas with higher concentrations of Black businesses are more likely to be facing larger direct (longer forced closures, Covid-19 symptoms) and indirect (social distancing, fewer customers) effects of the pandemic," the report said.

The researchers also examined the reach of the Paycheck Protection Program, the aid initiative that offered forgivable loans to small businesses.

Some areas where Black businesses are highly concentrated saw relatively lower volumes of loans through the program, the study found. In the 30 U.S. counties that contain 40% of receipts from Black-owned businesses, about 15% to 20% of firms received PPP loans, a rate in line with the national average. However, the researchers noted "significant variation" across the 30 counties, with lower volumes in places such as the Bronx, N.Y., and Wayne County, Mich., which includes Detroit.

PAUL SANCYA/ASSOCIATED PRESS

Stephanie Byrd, co-owner of Detroit restaurant The Block, in May when her business was closed because of the coronavirus.

The report suggests that areas with high numbers of Black-owned companies may have received fewer PPP loans because of weaker ties to financial institutions.

Vaccines Have a Lot to Prove

Promising early data encourage investors, but it's still unknown if the shots will work

By Gregory Zuckerman And Joseph Walker

ANDREAS ARNOLD/DPA/ZUMA PRESS

The Germany headquarters of BioNTech, which is working with Pfizer on a Covid-19 vaccine candidate.

Investors are growing more convinced Covid-19 vaccines will work. They aren't as sure shares of vaccine companies can keep soaring.

The investors, along with analysts and others scrutinizing the results from early trials, say the most advanced vaccine candidates didn't cause serious side effects and helped produce antibodies that may be sufficient to defend against the virus.

So far, vaccines based on the newest technology—known as messenger RNA—appear to be performing best at eliciting antibodies that can potentially neutralize the coronavirus and prevent it from hijacking human cells, investors and analysts say. At least one vaccine could receive regulatory authorization by the fall.

It is hard to judge experimental vaccines based on preliminary data. The early-stage studies that have produced results so far weren't designed to show whether the vaccines truly protect people from Covid-19—only to test safety and immune responses.

It is even more difficult comparing results across studies, partly because of differences in how immune responses are measured, says Christian Koch, a portfolio manager at investment firm BB Biotech AG in Küsnacht, Switzerland, a longtime shareholder of **Moderna** Inc., a vaccine front-runner.

Nor is it guaranteed the vaccines will succeed in the large, pivotal studies just starting to get under way. Most experimental vaccines fail in testing. Researchers aren't even certain the vaccines are stimulating enough antibodies to prevent the virus.

"There is remarkable progress and encouraging evidence of immunogenicity," says Geoffrey Porges, an SVB Leerink biotech analyst. "But now we're in the big race. This is the Kentucky Derby, and they have to enroll the patients and then show clinical efficacy."

Still, the significance of the global pandemic, and the size of potential winnings from a successful vaccine, are prompting investors to make early comparisons.

Cambridge, Mass.-based Moderna and Germany's **BioNTech SE**, which is working with **Pfizer** Inc., have the most advanced messenger RNA, or mRNA, vaccines in development. The pair are based on the genetic sequence of the virus, not a weakened coronavirus or proteins from the virus. Using the genetic information, researchers designed the shots to deliver mRNA programmed to direct a person's cells to make proteins that, in turn, trigger the immune system to produce antibodies to the coronavirus.

The technology hasn't yielded an approved vaccine before. Yet data from the early trials are giving some investors more confidence mRNA vaccines will roll out in the months ahead.

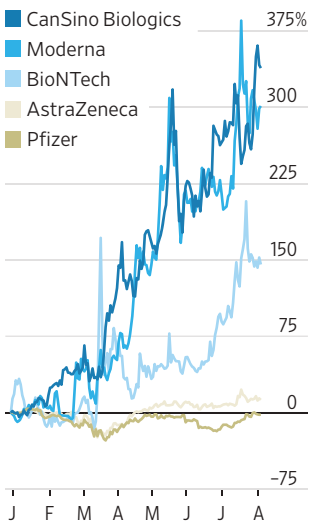
"The early trial data from mRNA companies has been the most pleasant surprise," says Rod Wong, managing partner of New York health-care investment firm RTW Investments LP. "They're exactly what you would hope the animal data would translate into."

The mRNA shots didn't cause side effects that were considered life-threatening or requiring hospitalization in Phase 1 testing of relatively young, healthy volunteers. Yet some study subjects did experience side effects, including fever, headaches and chills.

"They're not safety signals that are very concerning; they're expected, but you don't want to give a child something that will give them a fever or a headache for two days," says Florian Krammer, a professor of microbiology at the Icahn School of Medicine at Mount Sinai in New York.

Shares of Moderna have soared about 300% since the start of the year, largely because of the company's coronavirus vaccine efforts. BioNTech stock has risen 152% year to date.

Share-price performance



Note: ADR performance shown for AstraZeneca and BioNTech
Source: FactSet

Despite the building investor enthusiasm, a number of hedge-fund and mutual-fund investors say they are wary of investing with companies at such high valuations.

Neither Moderna nor BioNTech has ever produced an approved drug or vaccine. More important, investors including Dr. Wong say they are hesitant to shift cash into shares that have increased so much this year. "They're pricing in a fair amount of success," says Dr. Wong, whose firm doesn't own shares of leading vaccine makers.

In recent days, Neuberger Berman, a longtime owner of shares of vaccine makers, also turned cautious about buying shares of many of the vaccine companies, including Moderna and BioNTech, on the heels of their recent surge.

"It was more based on share prices, not clinical data," says Terri Towers, a managing director at the investment firm, referring to the firm's stance.

Uncertainties remain. Scientists say they still don't know how long the vaccines would provide protection, if at all. Shots might only reduce the severity of symptoms in certain people, rather than fending off infection.

"It's good to be cautiously optimistic, but I'd emphasize the cautious part," says Peter Hotez, dean of the National School of Tropical Medicine at Baylor College of Medicine.

Novavax Reports Positive Results in First-Stage Study

By Peter Loftus

Novavax Inc. said its experimental coronavirus vaccine induced promising immune responses and was generally well-tolerated in healthy adults in the first human study of the shot.

Two weeks after taking a second dose, most vaccinated subjects had high levels of so-called neutralizing antibodies, which are immune-system agents believed to be most effective at fighting the virus, according to results in a paper that Novavax submitted to the preprint server medRxiv, with hopes of publishing it in a peer-reviewed journal.

The antibody concentrations were similar to those seen in serum samples from hospitalized Covid-19 patients, and exceeded levels seen in non-hospitalized patients, according to the paper, which hasn't yet been reviewed by independent experts.

"It's highly immunogenic," or able to produce immune responses, Gregory Glenn, Novavax's president of research and development, said in an interview.

The vaccine also induced a favorable type of response from other components of the immune system, known as T-cells, which researchers think may help avoid a rare complication when a vaccine worsens the severity of disease.

Novavax, of Gaithersburg, Md., said the results support further testing, including a large, 30,000-person final-stage study slated to start in the fall. That study will test whether the immune responses triggered by the vaccine safely protect people from Covid-19.

The company is one of several that have received hefty funding from the U.S. government to support manufacturing and testing of coronavirus vaccine doses. Novavax will receive up to $1.6 billion, and in turn has pledged to deliver 100 million doses for use in the U.S., starting by the end of the year assuming clinical trials are successful.

The company also plans to manufacture doses for other countries.

More than 160 experimental coronavirus vaccines are in development globally, including more than 25 that have started human testing, according to the World Health Organization.

Vaccines in the most advanced stages of testing include shots developed by Moderna Inc., Pfizer Inc. with partner BioNTech SE, and the University of Oxford with partner AstraZeneca PLC. Initial human study results for these vaccines have been released in recent weeks, and have shown they have induced immune responses and were generally safe.

Novavax's vaccine contains proteins resembling those found on the surface of the new coronavirus, which are supposed to trigger an immune response to the virus once injected.

Novavax started the first human study of its vaccine in May in Australia, enrolling about 130 people ages 18 years to 59 years. Subjects received two shots, three weeks apart.

The company said results support more testing, including a final-stage study.

Of the different regimens tested, the most optimal appeared to be a lower dose of the vaccine with an adjuvant, which is a component designed to enhance immune responses. It "is very attractive from a manufacturing standpoint. You can make a huge number of doses," Dr. Glenn said.

Study subjects experienced side effects including tenderness and pain at the injection site, headaches and fatigue. Novavax said most side effects were generally mild and didn't last long, but there were some more severe cases of fatigue and muscle pain.

Scientists Enlist Antibody Treatments in Fight Against Virus

By Feliz Solomon

SINGAPORE—Scientist Conrad Chan spent months hunched over trays of test tubes containing coronavirus antibodies, looking for needles in a haystack. By mid-June, he had found them: five of the antibodies he believed would be best-suited to neutralize the pathogen that causes Covid-19.

His is one of a few dozen studies under way in the global push to develop monoclonal antibody therapies—drugs known as "mAbs" that can both prevent and fight infection. They are made by screening hundreds of thousands of antibodies found in the blood of recovered patients, isolating the most potent and engineering them into supercharged disease fighters.

DSO NATIONAL LABORATORIES

Conrad Chan by mid-June had found antibodies he believed would be best-suited to neutralize the pathogen that causes Covid-19.

Monoclonal antibodies have been used to fight illnesses for decades. The first mAbs treatment was licensed in the U.S. in 1986 to help kidney transplant patients accept their new organ. The method has since been modified to treat cancers including leukemia, as well as autoimmune disorders like rheumatoid arthritis and Crohn's disease.

Scientists are now seeking to apply it to fight Covid-19. Such treatments, they say, could provide a "bridge" of relief until a vaccine is ready.

Two drugmakers in the U.S., Eli Lilly and Regeneron, each are advancing mAbs in human trials, while others, mostly in Europe and Asia, are hot on their heels. Dr. Chan's team at DSO National Laboratories in Singapore has cleared a major hurdle, which is finding the right antibodies.

"Ask anyone at any lab, and they'll tell you when something like this happens, we all jump for joy," Dr. Chan said.

Early studies show a range of potential uses for the drugs in both sick and healthy people. They mimic the immune system and attack infected cells to help patients recover. They also prevent infection by latching onto the virus and blunting its outer surface so it can't adhere to healthy cells.

"The virus is like a sticky ball that loves to grab onto the cells inside the body," said David Lane, chief scientist at A*STAR, the Singapore government's leading scientific research agency, which also is working on developing a therapy. "If you imagine those spikes on the coronavirus cells, we're putting something on them that blocks them so they can't infect anyone."

Dr. Chan's long quest began with small vials of blood drawn from recovered patients. He and his colleagues separated the white blood cells and mixed them with proteins that force them to produce the Y-shaped molecules known as antibodies. Those antibodies were taken from the sample and isolated, each one mixed with a combination of the virus and healthy cells, and set in plastic trays to incubate. Then they waited.

They let the virus and antibodies battle it out for several days before adding a special ingredient that helps them see whether the antibodies work—a bioluminescent chemical, called luciferase and derived from fireflies. If the antibodies work, they protect the healthy cells from infection and keep them alive. The living cells possess an organic compound that reacts to luciferase, glowing like tiny lightbulbs.

Scientists say such treatments could be a 'bridge' until a vaccine is ready.

This faint shimmer is imperceptible to the naked eye. Dr. Chan and his colleagues found five viable antibodies by scanning the trays with a photometer, similar to the tool used by photographers to gauge exposure. The mixture containing one of the antibodies, AOD01, was brighter than the rest.

They isolated it, cloned it and tested it in the lab. Now, Dr. Chan says, he's ready to try it on people.

"It's one of the exciting things in this field," Prof. Lane said, "when you're looking and the needle in the haystack sort of glows at you."

Monoclonal antibody therapy is similar to—and potentially more potent than—convalescent plasma transfusion, an experimental treatment that involves transferring blood plasma from recovered patients into people with Covid-19 to help them fight the illness.

A plasma sample might contain thousands of antibodies, most of which do little; mAbs isolate specific molecules in a concentrated serum. Because they are synthetic, they can be engineered to be stronger and faster, and to attack the virus at various stages. "You hone the antibody to do what you want it to do," said Dr. Brendon Hanson, another scientist at DSO.

After they have been tweaked, they can be mass-produced and administered in a single intravenous dose. Further modification could eventually enable doctors to inject them into a patient's muscle tissue, a simpler delivery method.

Scientists expect global demand for the drugs to be so high that it won't matter who finishes first. Researchers at each lab work with the different antibodies they have discovered and modified to attack the virus in different ways, and doctors might be able to choose from a patchwork of therapies depending on patients' needs.

The immunity the drugs provide won't last very long—probably only about one month per dose, scientists say. But in the absence of a vaccine, the drugs could protect high-risk individuals, like health-care workers or people with immunodeficiency disorders. They could also be used in combination with contact tracing to stop or slow transmission.

DSO and two other labs in Singapore—A*STAR and Tychan—are at various stages in studies that could conclude within months, they said. Their approvals are likely to be fast-tracked if the trials are successful, the scientists said, because similar drugs are already in use treating certain types of cancer and rheumatoid arthritis.

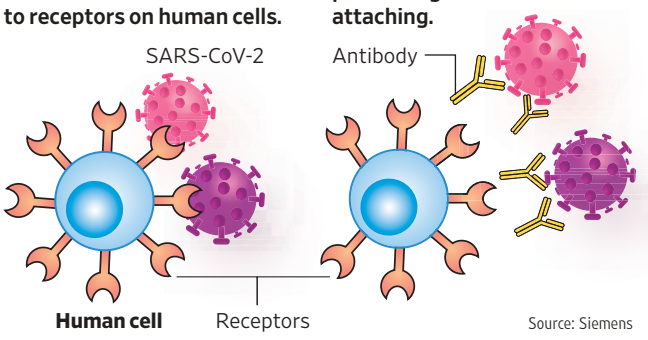
"In case nobody realized this, in a pandemic there's a real need to move fast," Dr. Hanson said. "We just want things to get back to normal. We're all sick of wearing masks."

Immune Helpers

Monoclonal antibody therapies are synthetic antibody treatments that could provide a 'bridge' of immunity until vaccines are ready.

Without any antibodies, the coronavirus will bind to receptors on human cells.

The antibody acts as a blocker, preventing the virus from attaching.



Source: Siemens

U.S. Launches Covid Drug Research

WASHINGTON—The National Institutes of Health said it is launching wide-ranging studies of potential Covid-19 drugs known as monoclonal antibodies.

Anthony S. Fauci, who heads the NIH institute overseeing the work, said monoclonal antibodies have great potential because they are specifically designed to block the virus from infecting a human cell.

The National Institute of Allergy and Infectious Diseases is sponsoring the clinical trials, which are part of a government-industry collaboration known as ACTIV, for Accelerating Covid-19 Therapeutic Interventions and Vaccines.

The beginning steps of the work will focus on one monoclonal antibody from **Eli Lilly** & Co., called LY-CoV555, but are expected to broaden to studies of a series of monoclonal antibodies and even other antiviral drugs.

The first of two studies will initially involve 220 patients with moderate disease who don't require hospitalization. Half will get the Lilly drug, and half will get an intravenous saline placebo. The study could expand to other investigational drugs.

The beginning stage of the trial will evaluate safety. If safety is demonstrated, the study will convert into assessing the drug in a total of 2,000 patients. The goal is to see if people can avoid hospitalization or death by day 28 of the trial. The second study will evaluate the Lilly drug, and later other agents, in hospitalized patients.

Lilly is separately studying its drug to see if it can prevent Covid-19 infections among long-term-care residents.

—Thomas M. Burton

Blast Kills Dozens on Beirut Waterfront

A fire in the Lebanese capital's port triggers an explosion that injures thousands

By Nazih Osseiran And Jared Malsin

ANWAR AMRO/AGENCE FRANCE-PRESSE/GETTY IMAGES

The explosion occurred at a warehouse that stored explosive material, according to officials.

BEIRUT—Dozens of people were killed and thousands more injured after a massive explosion caused by a warehouse fire rocked Lebanon's capital city of Beirut.

The warehouse at Beirut's port held highly explosive material, a Lebanese army official said, adding that the blast was likely caused by a fire and wasn't an attack. President Trump, however, on Tuesday evening called it a "terrible attack" and said U.S. military leaders believe the explosion was caused by "a bomb of some kind."

The explosive material, which Lebanese officials identified as ammonium nitrate, had been kept at the warehouse for six years, according to Prime Minister Hassan Diab. "All those responsible for this catastrophe will pay the price," Mr. Diab said.

At least 50 people were killed and 2,750 wounded due to the explosion, Lebanon's health minister said.

The blast is a blow for Lebanon, which is already reeling from multiple crises in recent months, ranging from large street protests over government corruption to an economy on the brink of collapse after years of mismanagement and the coronavirus pandemic.

The explosion destroyed one of Lebanon's most important international ports and caused severe damage to Beirut's cosmopolitan city center, with its restaurants, bars and apartment buildings, and its iconic corniche waterfront on the Mediterranean.

The shock wave and vast plume of smoke transformed the city center, blanketing it in dust and debris as stunned residents fled their homes and rushed the wounded to hospitals. Vehicles carried the injured, their arms and legs hanging limp from car windows. Ambulances struggled to part the traffic. Dust hung in the air.

Bloody and injured people tried to wave down ambulances, which had to navigate streets filled with debris and wrecked cars.

The Lebanese health ministry requested that the wounded be brought to hospitals outside Beirut to relieve pressure on facilities in the capital, the state news agency reported. Lebanese President Michel Aoun directed the military to help respond to the blast, the agency also reported.

"Having witnessed the horrific explosions at the Port this evening, our heartfelt sympathies go out to the victims and their families. We mourn each loss from this terrible tragedy alongside the Lebanese people," said the U.S. ambassador in Beirut, Dorothy Shea, according to the embassy's official Twitter account.

Hospitals quickly overflowed with those arriving with injuries from the blast.

At the Hôtel-Dieu de France hospital, a young girl with a bandaged head and blood-soaked princess shirt was sitting on a table, crying out for her father, who was sitting on the floor nearby with a bandaged head and his legs elevated. Nearby, doctors worked to try to save a boy on a mat on the floor of the hospital.

Riad Toghosian was in his restaurant several miles away from the site of the blast. "The walls and the glass shattered on us. It was like a giant earthquake," he said.

In Gemmayzeh, a Beirut neighborhood near the blast known for its trendy bars and restaurants, a team of Red Cross workers treated the wounded in a parking lot. The workers stopped a passing car and asked them to get one of the injured to the hospital.

"They won't die. They need to get to the hospital," the worker yelled at the driver. "They will admit you. They know you are coming," he said.

The blast was so large that residents reported noise and rattling windows some 140 miles away in Cyprus, according to the European-Mediterranean Seismological Centre, an independent scientific body that monitors earthquakes.

It was one of the most powerful blasts in memory in Beirut, a city that has survived a series of wars in recent decades. Residents described it as larger than the truck bomb that killed former Prime Minister Rafiq Hariri in 2005 and rivaling the bombs dropped by Israeli warplanes during the 2006 war that devastated Lebanon. The damage included areas in the city center that were rebuilt following the Lebanese civil war that raged throughout the 1980s.

In 1983, a massive truck bombing killed 241 Americans at a Marine Corps compound in Beirut, the first time a vehicle bomb was used to such devastating effect in the country. In 2015, a double suicide attack by Islamic State attackers killed at least 43 Beirut residents.

The explosion comes amid increasing tension between Israel and Hezbollah. The Israeli military said last week that it exchanged fire with Hezbollah militants on its border with Lebanon. Prime Minister Benjamin Netanyahu has warned repeatedly that Hezbollah was embroiling Lebanon in a conflict with Israel.

An Israeli government official said Israel had no involvement in the explosion in Beirut. The Israeli military declined to comment on the incident.

—Dion Nissenbaum and Isabel Coles in Beirut and Dov Lieber in Tel Aviv contributed to this article.

China Aids Saudi Plan On Energy

Continued from Page One

consternation in Israel, where officials have warily monitored Saudi Arabia's nuclear work.

The Saudi Energy Ministry said it "categorically denies" having built a uranium-ore facility in the area described by some of the Western officials, adding that mineral extraction—including uranium—is a key part of the country's economic-diversification strategy.

The ministry said the kingdom has contracted with the Chinese on uranium exploration in Saudi Arabia in certain areas. A spokesman declined to elaborate.

Saudi Arabia has no known nuclear-weapons program, operating reactors or capacity to enrich uranium. But it says it wants to acquire nuclear plants Saudi authorities say will generate power and reduce its reliance on oil, its principal export.

Information about the yellowcake facility has been tightly held within U.S. and allied governments, the officials said, and some details couldn't be learned—including whether it has begun operations. The site doesn't violate international agreements the Saudis have signed, experts on nuclear nonproliferation said.

Yellowcake is a milled form of uranium ore that occurs naturally in Saudi Arabia and neighboring countries such as Jordan. It is produced by chemically processing uranium ore into a fine powder. It takes multiple steps and technology to process and enrich uranium sufficiently for it to power a civil nuclear energy plant. At very high enrichment levels, uranium can fuel a nuclear weapon.

The yellowcake facility might represent the kingdom's "longer-term hedge against a nuclear Iran," said Ian Stewart of the James Martin Center for Nonproliferation Studies. It is "another step in the direction of having an indigenous uranium-enrichment program," he said.

Olli Heinonen, the former deputy director of the International Atomic Energy Agency who is at the Stimson Center think tank, agreed the facility's construction suggested the Saudis were trying to keep their options open. He said the yellowcake facility alone wouldn't mark a significant advance unless the yellowcake is converted into a compound known as uranium hexafluoride and then enriched. But he said of the Saudis, "Where is the transparency? If you claim your program is peaceful, why not show what you have?"

The kingdom insists that any nuclear program it pursues will be peaceful.

The Chinese Embassy in Washington didn't respond to a request to comment. Iran has denied it is interested in developing nuclear weapons. Iranian officials didn't respond to a request to comment.

A State Department spokesperson declined to say whether Washington has raised the issue with Riyadh but said the U.S. has warned all its partners about the danger of engagement with China's civilian nuclear establishment.

One Western official said the facility is located in a remote desert location in the general vicinity of al Ula, a small city in northwest Saudi Arabia.

Two officials said it was constructed with the help of two Chinese entities. While the identities of these entities couldn't be learned, the China National Nuclear Corp. signed a memorandum of understanding with Saudi Arabia in 2017 to help explore its uranium deposits. A second agreement was signed with China Nuclear Engineering Group Corp. That followed a 2012 pact announced between Riyadh and Beijing to cooperate on peaceful uses of nuclear energy.

Saudi Arabia only has the most limited safeguards agreement with the International Atomic Energy Agency. The country was among the last to sign the old version of a so-called Small Quantities Protocol in the 2000s, which doesn't oblige it to disclose the yellowcake site to the agency.

The IAEA and Saudi Arabia have talked about replacing that agreement, although Riyadh hasn't committed to the most advanced type of IAEA oversight accord. Known as the Additional Protocol, it allows widespread inspection of nuclear and nonnuclear facilities and has extensive reporting requirements.

As of early 2020, more than 150 countries—including the U.S. and Iran, but not Israel—have signed Additional Protocols, according to the IAEA, which promotes peaceful uses of nuclear energy and enacts safeguards against nuclear-weapons proliferation.

The Saudi Energy Ministry's statement said the kingdom's "nuclear program fully complies with all relevant international legal frameworks and instruments governing nuclear energy and its peaceful use."

The Trump administration has discussed selling reactors and nuclear technology to Saudi Arabia, a close security ally. But U.S. arms-control negotiator Marshall Billingslea, restating U.S. policy, said at a July 21 congressional hearing that Saudi Arabia must first agree to requirements known as the "Gold Standard" of nuclear oversight.

That means the kingdom would need to forswear the enrichment of uranium, which is several steps beyond producing yellowcake. It also would need to refrain from reprocessing spent fuel, which could enable a nation to develop nuclear weapons, and would need to sign the IAEA Additional Protocol.

"The reason we do nuclear technology development deals with countries is so that they will commit to the Gold Standard and commit to a working relationship with the United States. The Saudis are trying to have it both ways, and we can't allow them to get away with that," Sen. Chris Murphy (D., Conn.) said.

"My guess is that one of the reasons to go to the Chinese is that it doesn't come with the same controls that coordination with the United States does," Mr. Murphy said.

The Saudis insist that any nuclear program they pursue will be peaceful.

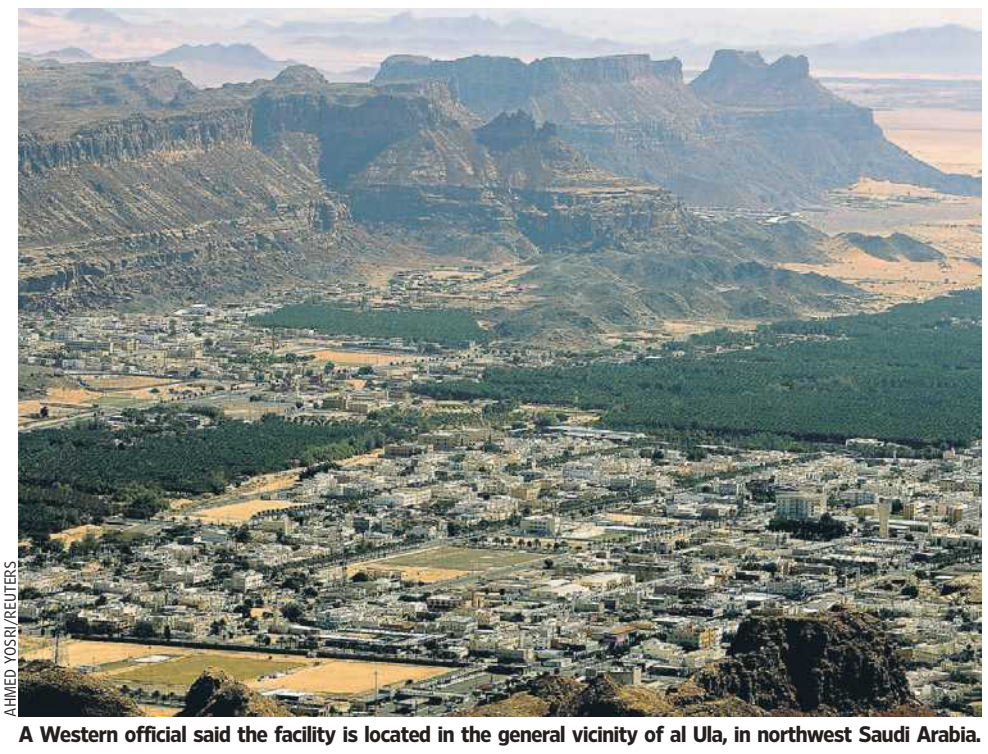
The King Abdullah City for Atomic and Renewable Energy, which oversees such work, states on its website "Saudi Arabia has Uranium resources that can be used to produce nuclear fuel for future National power reactors and for [the] uranium international market."

Riyadh has expressed a desire to master all aspects of the nuclear-fuel cycle.

Plans to issue tenders to construct its first two large nuclear-power reactors, however, have repeatedly been delayed.

JACQUELYN MARTIN/PRESS POOL

Saudi Crown Prime Mohammed bin Salman aims to counter Iran.



AHMED YOSRI/REUTERS

A Western official said the facility is located in the general vicinity of al Ula, in northwest Saudi Arabia.

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Trump's TikTok Push Fans China's Anger

President's call for U.S. to take a cut from any forced sale of app sparks renewed outcry

By Eva Xiao

HONG KONG—President Trump's suggestion that the U.S. government take a cut from the forced sale of the U.S. operations of the viral Chinese app TikTok sparked a new round of anger and reflection in China, as TikTok's founder warned employees about "rising anti-Chinese sentiment."

On Tuesday, a number of prominent figures in China, including Google's former country head, lambasted the U.S. as unfairly stifling China's first global internet hit—while defending Beijing's own restrictions on American technology giants.

The U.S. has "never offered any evidence for the accusations against it," venture capitalist Kai-fu Lee, who oversaw the China operations of Alphabet Inc.'s Google from 2005 to 2009, wrote in a private message about TikTok that was leaked and circulated widely online on Tuesday.

The fate of TikTok, which the U.S. says poses national security risks to its 100 million American users, appeared to be thrown into question over the weekend. On Friday, Mr. Trump floated an outright ban on the short-video app, temporarily halting negotiations between **Microsoft** Corp. and TikTok's parent **ByteDance** Ltd. for the app's U.S. operations. That fueled charges in China that the U.S. was unfairly blocking a successful Chinese product.

But Mr. Trump's remark on Monday that the U.S. government should benefit financially from the deal stirred a new wave of public anger in China.

Hu Xijin, the editor in chief of the Global Times, a Communist Party-backed tabloid, derided Mr. Trump's demand that the U.S. Treasury receive a "very substantial" portion of the proceeds as "open robbery."

"The world is watching and God is watching...how President Trump is turning the once great America into a rogue country," Mr. Hu wrote.

Meanwhile, Zhang Yiming, the 37-year-old founder of TikTok and Beijing-based ByteDance, told employees on Tuesday in an internal letter reviewed by The Wall Street Journal to disregard any "short-term praise or loss and patiently do the right thing."

Mr. Zhang acknowledged the geopolitical winds that the service is facing, including in India, which was TikTok's biggest market by app downloads until New Delhi banned the app following a deadly border clash with China in June.

In a reflection of the pressure that the TikTok founder is also facing at home, Mr. Zhang also restricted access to his personal page on China's Twitter-like Weibo service after Chinese social-media users slammed him for "kneeling" to the U.S. by considering selling TikTok's U.S. operations to Microsoft.

The TikTok saga has reignited discussions around Beijing's own restrictions on U.S. tech companies, namely the blocking of Facebook Inc., **Twitter** Inc. and **Alphabet** Inc.'s Google, whose services are inaccessible in China. The country's online censorship apparatus, dubbed the "Great Firewall," bars mainland Chinese users from accessing a host of websites and overseas platforms, including news sites and social media, without technical workarounds.

Over the weekend, James Liang, co-founder and chairman of Chinese online travel giant Trip.com Group Ltd., suggested taking down the Great Firewall and opening the country up to Western players—a move that he said would "thoroughly smash" the legitimacy of the U.S.'s TikTok policy. Mr. Liang's post was quickly removed.

Trip.com didn't respond to a request to comment.

Ban Threat Opens Door to Rival Platforms

By Deepa Seetharaman And Euirim Choi

Unfamiliar names such as byte and Triller have charged up the Apple App Store rankings because they offer short videos like those on TikTok, the social-media breakout facing an uncertain future in the U.S.

These nascent rivals are actively courting TikTok users, especially top influencers, in some instances offering cash payments to creators. They are trying to capitalize on a question that is dominating social-media chatter: What happens if TikTok really goes away?

Kyle Thomas, a 15-year-old TikTok user with more than 16 million followers, said he would be upset without TikTok. "I spend all of my time on it. As much as it is my job, it's also my entertainment," he said. "If I can't have it, I wouldn't be sure what to do."

The founders of the short-form video app Clash said they launched the service last week—months earlier than anticipated—to attract increasingly anxious social-media stars who made their home and livelihood on TikTok.

Other companies are rolling out copycat features. **Facebook** Inc.'s Instagram is on the cusp of debuting its new TikTok-like service, called Reels.

The moves by TikTok's large and small rivals come as the company's parent, **ByteDance** Ltd. of Beijing, responds to an unprecedented amount of pressure from the White House because of national-security concerns. Some Trump administration officials have said they want TikTok to be fully American-owned, although President Trump said Monday he would approve a purchase of TikTok's U.S. operations if the government receives "a lot of money" in exchange.

WU HONG/EPA/SHUTTERSTOCK

Beijing-based ByteDance is facing pressure from the White House to sell the U.S. operations of TikTok.

Among the potential suitors for TikTok is **Microsoft** Corp. On Sunday, Microsoft said it would move quickly to pursue discussions with ByteDance and aims to complete the negotiations by Sept. 15. It isn't clear if a deal will come to fruition.

Agents and managers of popular online influencers have long pushed clients to build audiences on multiple platforms, but the current uncertainty has pushed some TikTok stars to hedge their bets.

"It's the perfect time to play into the vulnerability and insecurities of creators," said Krishna Subramanian, chief executive of social-media data company **Captiv8** Inc. "If TikTok disappears, what happens? Where do you go? If they get incentivized by a platform, you can easily see them creating content on these other platforms and channels."

Triller and byte (no relation to ByteDance) on Sunday were ranked the top two free iPhone apps in the U.S., while TikTok was number five, according to Sensor Tower data. Daily app rankings tend to fluctuate but Triller and byte have climbed in both the App Store and Google Play in recent months. Even with the latest rankings, TikTok has a much larger user base, with 100 million users in the U.S. and hundreds of millions more world-wide.

Triller, a music and video app that looks similar to TikTok, has seen several influencers from TikTok open accounts over the past several weeks, including this weekend.

"It's been 24 hours of no sleep," said Ryan Kavanaugh, a Hollywood veteran whose film-production company Proxima Media invested in Triller.

A spokeswoman for byte, created by Vine co-founder Dom Hofmann, said the company saw a huge influx of creators sign up for the app.

A TikTok ban in the U.S. wouldn't be the first time social-media influencers have had to forcibly abandon their large followings and move to unfamiliar platforms. India this summer banned many Chinese apps, including TikTok, amid a dispute between the two countries. When **Twitter** Inc. effectively shut down Vine, a social-media app that allowed users to share short video clips, in 2016, many of the platform's biggest stars were forced to rebuild their followings on YouTube and Instagram.

Clash, co-founded by a former Vine creator, launched Friday night, hours after Mr. Trump expressed opposition to a TikTok sale and said he preferred to ban the app altogether.

Clash CEO Brendon McNerney said he was sitting on a plane in a Vine sweatshirt when he got the news that Twitter was shutting down the looping video app in 2016. So he feels the pain of TikTok creators who are now grappling with uncertainty about the fate of the social-media powerhouse.

"I actually saw the demise of Vine," Mr. McNerney said. "I remember how that rocked all my creator friends."

Clash has been paying creators to test its service, and has climbed U.S. iPhone app download rankings in the free photo and video app category, ranking No. 14 as of Monday, according to Sensor Tower data.

Instagram's Reels has offered some creators hundreds of thousands of dollars to use the coming feature, The Wall Street Journal previously reported.

NSA Issues Warning On Phone Tracking

By Byron Tau And Dustin Volz

WASHINGTON—The National Security Agency issued new guidance for military and intelligence-community personnel, warning about the risks of cellphone location tracking through apps, wireless networks and Bluetooth technology.

The detailed warning on Tuesday from one of the U.S.'s top intelligence agencies is an acknowledgment that Silicon Valley's practice of collecting and selling cellphone location information for advertising and marketing purposes poses a serious national security risk to many inside the government.

"Location data can be extremely valuable and must be protected. It can reveal details about the number of users in a location, user and supply movements, daily routines (user and organizational), and can expose otherwise unknown associations between users and locations," the NSA bulletin warned.

Among its recommendations, the NSA advises disabling location-sharing services on mobile devices, granting apps as few permissions as possible, and turning off advertising permissions. The NSA also recommends limiting mobile web browsing, adjusting browser options to not allow the use of location data, and switching off settings that help track a misplaced or stolen phone.

Apps often collect and share anonymized location data with third-party location data brokers who in turn sell their commercial products to government and corporate customers, The Wall Street Journal has reported. The sale of the data, especially to the government, is generally done without consumer awareness.

Other services can estimate a phone's location based on its proximity to other Bluetooth devices or Wi-Fi networks. More invasive technologies used by law-enforcement and intelligence services—such as "Stingray" cell-tower simulators often used by police to collect location information, as well as Wi-Fi "sniffers" that can extract information about a phone based on network information—can collect a phone's location without user permission.

The warning extended beyond phones, noting that fitness trackers, smartwatches, internet-connected medical devices, other smart-home devices and modern cars all contain location-tracking potential.

That data is used by commercial entities for targeted advertising, marketing research and investment decisions. But governments world-wide are increasingly interested in collecting commercial information harvested from cellphones to do surveillance and track criminal suspects.

The advisory is intended for Defense Department personnel, but acknowledges the mitigation steps might be useful for a range of users.

Most of the risks described by the NSA address general, longstanding concerns about how cellphone location data can be passively tracked, stored and shared by apps, advertisers and device manufacturers. But the document also alludes to sophisticated, targeted cyberattacks that can render a phone a high-value espionage tool.

Microsoft CEO Steps Into Clash

Continued from Page One

ment and last year won a potentially decadelong, $10 billion cloud-computing contract with the Pentagon, which losing bidder **Amazon.com** Inc. is contesting. And while China represents a small part of Microsoft's business—President Brad Smith said in January that China represented 1.8% of total revenue, or more than $2 billion a year—recent successes could help it grow. The company doesn't break out China sales in its financial filings.

In China, talk of a TikTok sale has gone down badly. The Global Times, a Communist Party tabloid, derided the situation as "the hunting and looting of TikTok by the U.S. government in conjunction with U.S. high-tech companies." One risk for Microsoft is that the Chinese government retaliates over the company's role in a TikTok deal, political analysts have suggested, such as by targeting the Chinese versions of its Bing search engine or LinkedIn, the business-focused social-media platform that Microsoft bought in 2016.

Microsoft has been able to keep those services running in China even as other tech giants have scaled back, in part by agreeing to abide by the government's censorship requirements. **Facebook** Inc.'s service is banned in China. Google pulled its search engine out of the country over the censoring of search results.

What has aided Microsoft's relative success in China has been its concentration under Mr. Nadella on selling to business customers rather than trying to tap consumers.

RAO AIMIN/XINHUA/ZUMA PRESS

Microsoft CEO Satya Nadella, far left, met with leaders in Beijing in 2016. The company has had good relations with both China and the U.S.

"Because Microsoft has been focused on the enterprise, it's been a lot easier for them to operate in China," said Arun Sundararajan, a professor at New York University's Stern School of Business. "The conflict of interest between Microsoft products and what the Chinese government is interested in controlling are minimal."

Microsoft for years has maintained good relations with political leaders in Washington and Beijing. Mr. Nadella hosted President Xi Jinping of China at its headquarters in Redmond, Wash., in 2015. A year later, the CEO visited Beijing and met political leaders there.

Later in 2016, Mr. Nadella and Mr. Smith, who plays a major role assisting the CEO in dealing with Washington, both joined other top executives for a tech summit called by Mr. Trump, then president-elect, making Microsoft one of only two companies, along with Google parent **Alphabet** Inc., to send two executives.

Since Mr. Trump has taken office, Microsoft has criticized the administration's immigration policies and sought exceptions to restrictions. But the company also defended its work with U.S. Immigration and Customs Enforcement tasked with implementing those policies, and with the Pentagon after rival Google walked away from bidding on the big military cloud-computing deal.

Even with its successes, the China market has long posed challenges for Microsoft. Rampant piracy of its Windows operating system and Office productivity apps made it difficult to expand the business.

Microsoft more recently has made progress, convincing the Chinese government to crack down on pirated software, said Paul Triolo, head of the global technology policy practice at Eurasia Group, a political risk consultancy. It also has partnered with China's 21Vianet Group to sell its booming cloud services locally.

In 2017, Microsoft introduced a version of its Windows 10 software specifically for Chinese government use. The customized version included a different type of encryption and other changes.

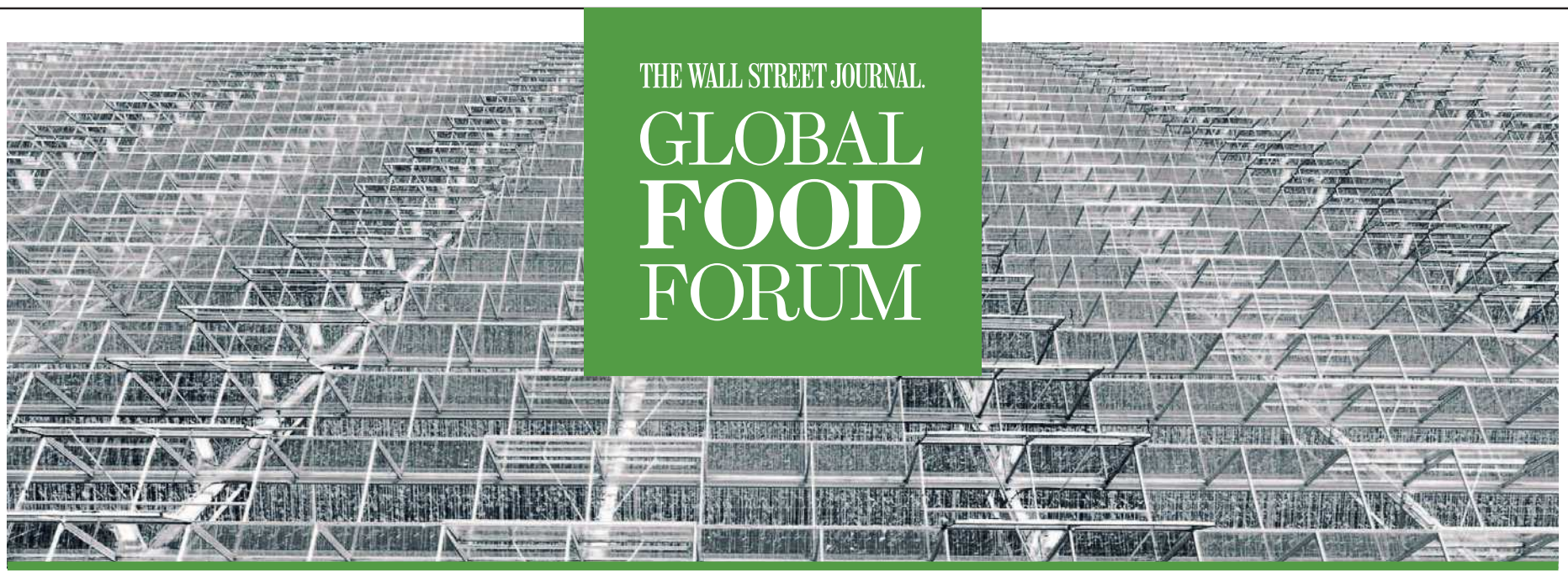
"We have designed Windows to enable the use of local encryption for large public sector customers," the company said this week, adding it worked with government customers elsewhere to address "issues that matter them."

During the pandemic, the company trumpeted growth in China of Teams, its new product for videoconferencing and collaboration that Microsoft views as its next blockbuster. Between the end of January and early March, Microsoft said it had seen a 500% increase in meetings, calls and conferences taking place via Teams in China.

Microsoft's potential deal for TikTok's U.S. business has drawn heat from some corners in the U.S., too.

"Microsoft helped China build its great firewall that is used to surveil and monitor and censor and imprison sometimes the Chinese people," Peter Navarro, a Trump economic adviser, said in a Fox News interview over the weekend. "We've got to be really careful about this."

Sen. Marco Rubio (R., Fla.), a longtime China critic, in a tweet, called TikTok's purchase by a U.S. company that secured the data "a positive & acceptable outcome."



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Cheap Pools Roil Neighbors

Continued from Page One

rectly uphill from us. I sure hope those braces hold!!!"

Suburbanites are risking a water fight with their local governments, neighbors and homeowners' associations in hot pursuit of a backyard accessory they might have balked at a summer ago.

Cooped-up American families with nowhere to go this summer as many community pools, lakes and beaches remain closed, have eagerly embraced do-it-yourself projects to make their homes and backyards staycation-worthy. Pool vendors say they are stunned by the surge in demand for the above-ground varieties this year.

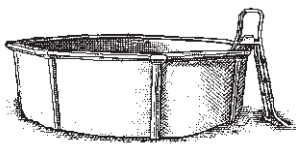
One of the nation's largest pool retailers, Leslie's Poolmart Inc., sells roughly 30 above-ground options, ranging in price from $400 to $9,100. By May, the company had sold out of many models and put some customers on four- to six-week back orders as demand tripled, said Chief Executive Michael Egeck.

Just as fast as above-ground pools flew off shelves from Target to Amazon warehouses, they became a flashpoint between residents, HOAs and local officials who view the cheap DIY pools as a potential hazard and eyesore that hurts property values.

Some have taken to social media to air their gripes. On Twitter, one resident wrote that neighborhood children who once screamed violently on a trampoline had now moved their shrieking to the new above-ground pool: "What a difference a year makes!"

Several homeowners in the Country Cove Homeowners Association in Altoona, Iowa, have asked the group to relax its ban on above-ground pools for the summer amid the pandemic, said Jessica Olson, whose husband is on the board of the association which encompasses roughly 240 homes. They are still considering changes to the group's bylaws to be more lenient on the pool policy, but Ms. Olson said she wouldn't favor allowing just any above-ground pool in the neighborhood.

"What we are trying to do is mandate people who are serious about a pool, they meet city codes, get permits and are not going to cause damage," she said. "Not a $200 pool with 700 blowup toys."



Oasis or code violation?

One fear is that an elevated pool would allow residents to see inside their neighbors' windows since houses in their particular suburb are positioned close together, Ms. Olson said. Changing the bylaws also requires ironing out a raft of new regulations from the decibel level of outdoor stereo systems to how pool pumps would be visually covered and how toys would be stored, she added.

Some homeowner associations have taken softer stances. In Woodbridge, Va., the Winding Creek Homeowners Association has temporarily waived its restrictions on inflatable above-ground pools in backyard pools—but just for this year, said Thomas Hessel, vice president of the about 400-house homeowners association.

"Families are struggling to find recreational activities. It was a no-brainer for us," he said.

The group had opposed the pools for decades but unanimously voted in late May to greenlight inflatable ones because of the pandemic, as long as they are stored out of sight when not in use. Mr. Hessel said the HOA wanted to offer flexibility because the spread of coronavirus forced the local community pool to close for much of the summer. Before the pandemic, he said he couldn't recall a homeowner ever asking about installing an above-ground pool.

A lot of Leslie Poolmart's customers this year would never have considered an above-ground pool in the past, Mr. Egeck said, adding that when consumers who never knew there was this option figure it out, some go all in.

"People want an above-ground pool, a unicorn float, a swan float, a floating radio, and anything else we've got

Even Mr. McSparin in Kansas City, who worries about being flooded, says he is pro-pool and wants his neighbors to enjoy their backyard. In fact, he wouldn't mind taking a dip himself. "There is no doubt that I have been jealous of the pool ever since it went up," he says.

Long Stays For Covid Patients

Continued from Page One

no symptoms, and others succumbing to a deadly assault on organs, circulation and the immune system. Some, like Mr. Mazzara, hover in lengthy limbo in intensive care, often for weeks, among the sickest in the hospital and some of the most difficult to treat.

"We all know what to do almost all of the time," said Robert Hiensch, one critical-care doctor who cared for Mr. Mazzara. "All of a sudden, you're faced with hundreds and hundreds of patients where you're all just learning on the fly."

Many of the most severe Covid-19 patients often are hospitalized for weeks rather than the few days typically spent by an intensive-care patient. That translates into fewer available beds as more Covid-19 patients arrive and hospitals reopen to others in need of intensive care. In Texas, Florida and Arizona, hospitals reported rising numbers of Covid-19 patients in intensive care in July, forcing some to turn away ambulances and transfer patients hundreds of miles.

One early study of Covid-19 patients in California and Washington found half of those in ICUs remained for at least 10 days. Before the pandemic, the median patient remained in intensive care for two to three days, some studies show.

Mr. Mazzara remained in Mount Sinai Hospital for 44 days. He spent 23 of those days in intensive care.

Patients with lengthy intensive-care stays were a key driver of ICU expansions at Mount Sinai as cases in New York surged. The hospital expanded to 10 intensive-care units, from seven, which require more doctors and nurses, more technology to monitor patients and protect staff, and reengineered ventilation to prevent the virus from circulating, said Roopa Kohli-Seth, director of the Institute for Critical Care Medicine at the hospital.

Bills submitted to the family's insurance company for Mr. Mazzara's care totaled about $1,881,500, according to statements reviewed by The Wall Street Journal. It includes about $867,000 in bills that the insurance company disputes. After subtracting discounts of the price negotiated by the insurer, bills so far total roughly $178,200. The amounts aren't a final bill and could change. The Mazzaras' share will be based on their insurance benefits.

The hospital system won't directly bill patients for care, a Mount Sinai spokesman said. "Anyone, regardless of health insurance status, who requires treatment and care for Covid-19 can come to any hospital in the Mount Sinai Health System and receive the world-class medical treatment they deserve," he said.

This account of his hospital stay is taken from interviews with Mr. Mazzara, Ms. Mazzara, their children, Gabriella, 18, and Salvatore Jr., 20, and staff and physicians at Mount Sinai.

Aches and fever

The Mazzaras had initially hoped to avoid the hospital when Mr. Mazzara's persistent cough grew worse. He began to suffer fever, aches and vomiting. On April 3, Ms. Mazzara watched her husband tuck a card for the Catholic Saint Padre Pio into his pocket. Her anxiety soared. "You can't really breathe, can you?" she asked.

The two had met as teenagers, when Salvatore went to an Italian bakery to buy bread and Josephine was behind the counter. They recently celebrated their 24th wedding anniversary.

On April 4, the couple raced from their home in the borough of Queens to the Mount Sinai Hospital emergency room in Manhattan.

Hospitals nationwide closed to all visitors to prevent spread of the virus. Before walking into the hospital alone, Mr. Mazzara told his wife: "I will see you soon."

She was frightened. "Will I see him again?" Ms. Mazzara thought. "Can this be happening to my family?"

Doctors pumped air and oxygen into Mr. Mazzara's lungs, but with little change to his gasping for breath. Mr. Mazzara was too sick to return home. Doctors admitted him.

He quickly was given hydroxychloroquine, an antimalarial medication that has emerged as a high-profile example of medical uncertainty in the pandemic. Early reports from China and France suggested hydroxychloroquine helped improve Covid-19 symptoms. The Food and Drug Administration authorized the drug for emergency use. Demand by doctors and the public soared despite risk from side effects, while researchers pushed forward with more studies.

Mount Sinai eventually halted its use on April 24, based on studies that found little benefit and after the FDA warned of reports of serious heart-rhythm problems for Covid-19 patients who used HCQ, said Judy Aberg, the Icahn School of Medicine at Mount Sinai infectious diseases chief. The FDA revoked its emergency authorization, granted in late March, in mid-June.

His first three days in the hospital, Mr. Mazzara didn't need intensive care. He had a chronic condition that could affect his lungs, but it wasn't active, and he was healthy, said one doctor who cared for him.

Then, on the evening of April 7, an alert for a patient in critical condition brought Dr. Hiensch to Mr. Mazzara's bedside. Dr. Hiensch stood before Mr. Mazzara, baffled by yet another a Covid-19 patient with dangerously low blood-oxygen levels who was alert and talking. Patients with such symptoms typically are confused and too distressed to speak.

To get more oxygen to Mr. Mazzara, Dr. Hiensch could place him on a ventilator, which forces air and oxygen into the lungs with more control than other breathing machines doctors already tried. But the machine isn't without risks.

Doctors globally have struggled to decide how best to treat Covid-19 patients with injured lungs. Early reports of what worked were limited and conflicting, with doctors sharing experiences as the pandemic rapidly spread. Some said early use of ventilators prevented further harm to lungs; others urged more restraint in light of high death rates for Covid-19 patients placed on the machines, suggesting they aren't as effective as for those with other illnesses.

Dr. Hiensch decided Mr. Mazzara's blood-oxygen levels were too low to forgo ventilation. "His numbers were completely deranged," he said.

Mr. Mazzara asked to call his wife. "If it has to be done, it has to be done," she told her husband, wishing she could be there to hold his hand.

Once on a ventilator and heavily sedated, Mr. Mazzara needed the heightened monitoring of the ICU. On his first day in intensive care, doctors ordered a new prescription: the experimental drug remdesivir. Doctors enrolled Mr. Mazzara in a study of the drug.

> **'Will I see him again?...Can this be happening to my family?'**

On the third day, Mr. Mazzara's kidneys began to fail, a poorly understood complication of Covid-19. The kidneys prevent remdesivir from accumulating in the body. He was forced to leave the study.

Early results for remdesivir from a National Institutes of Health study show promise. It didn't appear to help those most critically ill like Mr. Mazzara, however.

With such limited options, doctors could only try to help their Covid-19 patients outlast the virus as the body's immune system fights the infection. For Mount Sinai critical-care doctor Sanam Ahmed, who also treated Mr. Mazzara, days became nonstop work to adjust medications and ventilator settings to give patients the best chance of recovery. "We felt happy walking out the door as long as nobody died and we did our best to help," she said.

For the first 10 days in intensive care, doctors treated Mr. Mazzara's kidneys with drugs and helped his lungs with "proning," which involves rolling a patient on his side or stomach. He remained sedated. Unable to visit, Ms. Mazzara called the hospital at least twice daily. A doctor called her every afternoon. Mr. Mazzara's kidneys slowly improved without dialysis; his lungs made incremental progress.

Then his heart stopped.

The pause was brief, but Mr. Mazzara's heart muscle then began to quiver, known as atrial fibrillation. Critical patients commonly develop the heart issue, a response to stress, said Adel Bassily-Marcus, a critical-care doctor who treated Mr. Mazzara.

Doctors stopped the twitching with electrical shock.

Mr. Mazzara approached two weeks on a ventilator, a duration doctors consider to be long. His lungs continued to make halting improvement, but he still needed mechanical help breathing.

An anxious Ms. Mazzara organized food to be delivered to the hospital for staff. Family and her employer, the Dominican Academy, a Catholic girls' school, brought meals of sausage and peppers, pizza and pasta. At home, she slept on the couch and struggled to eat. She spoke often to a photo of her husband. "I know you can hear me," she said. "You have to come home."

His doctors considered the risks of prolonged ventilation. Use of heavy sedatives to make patients comfortable with a tube down their throat also puts them at risk of neurological complications, such as delirium or coma.

An alternative allows doctors to wean patients from sedation. It involves connecting the ventilator to a hole cut into the windpipe, a procedure called a tracheostomy. Doctors typically don't do it for patients who would soon be off a ventilator. Mr. Mazzara's doctors decided nonetheless he would benefit.

First he had to show improvement. The air-oxygen mix forced into his lungs by the ventilator needed to be 60% oxygen, down from 100%. His family waited days for him to reach the mark, checking the number on each call to the hospital. His daughter, Gabriella, chanted the magic number ahead of one call. The news came: He was at 60%. "We all screamed and cheered," the 18-year-old said.

Doctors performed the tracheostomy. They gave Mr. Mazzara fewer sedatives and weaned him from the ventilator. They nudged him with questions and prompts to wake up. He didn't respond. Days passed. Doctors struggled to rouse Mr. Mazzara from a hazy state.

As they worked to keep Mr. Mazzara alive, the hospital emptied one floor to create a new ICU and did the same for two other wards. Demand for skilled nurses stretched the hospital's workforce. Nurses who typically care for no more than two patients took on a third, with help from other medical staff who took on some of the nurses' work.

Dr. Ahmed focused on changes to Mr. Mazzara's drug regimen in an effort to wake him. She finally broke through. She asked him to squeeze her hand and wiggle his toes. He did.

'Keep fighting'

Ms. Mazzara called the hospital on the last day of April. "He finally answered me," a nurse told her. Elated, she asked to speak with her husband and was connected by video. "Keep fighting," she told him. Mr. Mazzara recalls his wife's words as part of a vivid dream, he said.

Speaking to her husband on the screen, for the first time in 23 days, was frightening, Ms. Mazzara said. His eyes were wide open and scared, she said.

Mr. Mazzara soon left the ICU for a floor where staff worked to wean patients off oxygen support. A week after leaving the ICU, Mr. Mazzara was again able to breathe on his own, after 34 days.

Dr. Ahmed soon visited him, telling everything that had happened in the past month. He was amazed. The physician noticed he hadn't eaten lunch. The hospital food wasn't great, he explained. He longed for pasta. Dr. Ahmed cooked penne with arrabiata sauce that night and bought it for him the next day.

He started physical therapy to begin rebuilding his strength. The following week, doctors removed the tracheostomy tube. He was ready to leave, having been seen more than 350 times by doctors, nurses, nutritionists, social workers, chaplains and respiratory, occupational and physical therapists during his stay.

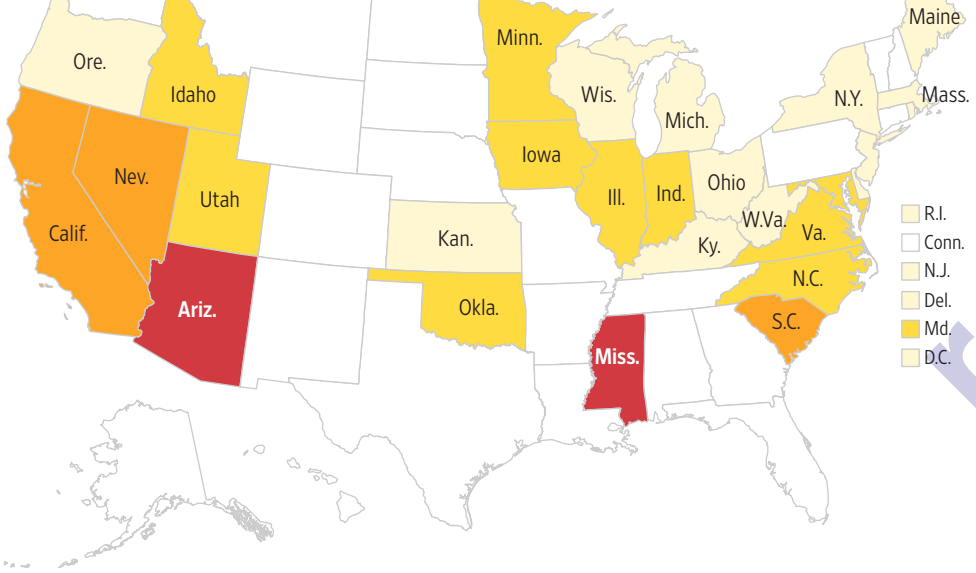
On May 18, Mr. Mazzara left the hospital, after six weeks. Outside, a crowd of family cheered as a hospital employee wheeled a waving Mr. Mazzara from the hospital. Health-care workers streamed out after him, clapping. Ms. Mazzara stepped forward to hug her husband and cried.

Doctors sent him home with blood thinners, a precaution being prescribed for Covid-19 patients. That has raised another mystery. Doctors believe inflammation brought on by coronavirus can cause blood clots that contribute to strokes and pulmonary embolisms. They see benefits from the drug but are uncertain how long it may be required. "We don't know when to stop it," Dr. Bassily-Marcus said.

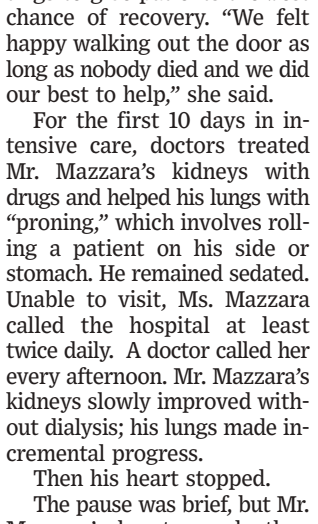
Full Hospitals

As Covid-19 cases surged in the South and West, hospital intensive-care units grew increasingly full with coronavirus patients, based on one estimate of capacity.

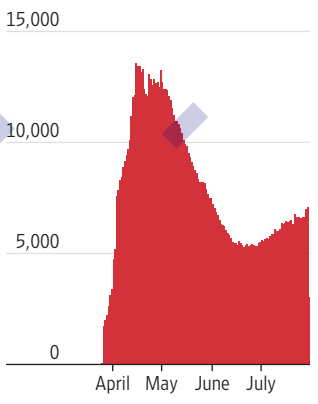
Current ICU patients as a percentage of total ICU beds in the state*



Current hospitalizations, reported by 48 states and D.C.



Current ICU patients, reported by 29 states and D.C.



*Total ICU beds calculated by the Harvard Global Health Institute with American Hospital Directory and 2018 American Hospital Association data.
Note: Data are through July 30, though many states have a delay in reporting. Not all 29 states have reported ICU cases for the full period—Washington state stopped on May 18; Kansas began on July 26 and South Carolina began on July 28
Source: University of Minnesota COVID-19 Hospitalization Tracking Project at the Carlson School of Management

GABRIELA BHASKAR FOR THE WALL STREET JOURNAL

Salvatore Mazzara was discharged from Mount Sinai Hospital in New York after six weeks.

GREATER NEW YORK

Tropical Storm Leaves Man Dead in Queens

The 60-year-old was killed when a tree fell on the vehicle he was sitting inside

By Akane Otani

A man was killed by a falling tree in New York City and more than two million households in New York, New Jersey and Connecticut were left without power on Tuesday as Tropical Storm Isaias barreled through the region.

Isaias unleashed torrential rain and powerful winds, knocking down power lines and trees, and disrupting transit service. Multiple tornadoes swept through the region, including in Cape May County and Ocean County in New Jersey, according to spotters for the National Weather Service.

In Queens, a 60-year-old man sitting in the passenger seat of a car was killed at around 1:04 p.m. when a tree fell and struck the vehicle in the Briarwood neighborhood, New York Police Department officials said. No other storm-related injuries had been reported as of Tuesday afternoon, city officials said.

The city received more than 11,400 reports of downed trees and hanging limbs and branches, although some of those reports might have been about the same tree condition, according to a spokesman for the city's Department of Parks & Recreation.

About 1.4 million households in New Jersey, 578,000 residences in New York and 395,000 households in Connecticut were without power, according to estimates provided by utilities for those states.

Most of the utilities were unable to provide estimates for when power would be restored. **Consolidated Edison** Inc., which provides electricity to New York City, said it was assessing damage from the storm.

By late Tuesday afternoon, the brunt of the storm had moved past the New York City metropolitan area, according to the National Hurricane Center.

New York City Mayor Bill de Blasio said emergency management workers would continue to monitor for possible flooding Tuesday evening.

"I think the important thing is for people to be vigilant," he said in an television interview with NY1. "If you're in an area that's prone to flooding, obviously, we've got to be really careful about that."

New Jersey Gov. Phil Murphy, who declared a state of emergency late Monday and urged state residents to stay off the roads and at home, said Tuesday that his office was in close contact with utilities throughout the state.

"Some of these outages may last for a few days due to the severity of the storm. We are working closely with the utilities to restore power as quickly and safely as possible," Mr. Murphy said on Twitter.

New York City workers spent Monday preparing for the storm, laying sand bags and "tiger dams"—flood barriers filled with water—around a mile-long stretch of lower Manhattan that experts believed was particularly susceptible to flooding.

Tuesday's storm marked the first time the city deployed the dams, which cost approximately $446,000 to set up, according to a spokeswoman for the city's Emergency Management agency.

New York City officials also prohibited swimming at beaches on Tuesday.

—Ben Chapman and Katie Honan contributed to this article.

THEODORE PARISIENNE FOR THE WALL STREET JOURNAL

JASON SZENES/EPA/SHUTTERSTOCK

A man was killed Tuesday when a tree struck this vehicle. Below, a woman was pelted by Tropical Storm Isaias, which left more than two million Tri-State-area households without power.

Health Commissioner Steps Down

By Melanie Grayce West And Katie Honan

New York City health commissioner Oxiris Barbot, who played a central role in driving down the spread of the new coronavirus, resigned Tuesday after clashing with Mayor Bill de Blasio over control of the city's contact-tracing program.

Dr. Barbot, a pediatrician by training, was appointed to the post in 2018 by Mayor Bill de Blasio. Dave A. Chokshi, a primary-care physician at Bellevue Hospital, will succeed Dr. Barbot as commissioner, the mayor said.

In a message to staff sent Tuesday morning, Dr. Barbot said the department helped lead the city through the pandemic. "To successfully brace against the inevitable second wave, your talents must be better leveraged alongside that of our sister agencies," she said. "The moment demands it without distractions."

Dr. Barbot opposed Mr. de Blasio's decision in May to move the responsibility of contact tracing and tracking from the health department to Health + Hospitals, the city's public-hospital system, according to two people familiar with her decision to resign.

Contact tracing for diseases has long been the exclusive role of the health department and is seen as a core function of public health, experts have said. It is considered a crucial tool in preventing Covid-19 infections.

"I leave my post today with deep disappointment that during the most critical public health crisis in our lifetime, that the Health Department's incomparable disease control expertise was not used to the degree it could have been," Dr. Barbot said in her resignation letter, which was reviewed by The Wall Street Journal.

At the time, Mr. de Blasio said his decision to move the tracing function to Health + Hospitals largely was based on the need to build a contact-tracing system rapidly. Because Health + Hospitals is an independent agency, he said, it can expand faster than a city one.

Oxiris Barbot quit after clashing with the mayor about contact-tracing.

Mr. de Blasio declined Tuesday to discuss whether Dr. Barbot resigned because of disagreements about the contract-tracing program and other issues between the mayor and the health agency, which included a public spat over personal protective equipment for the police department.

"I think I want to respect different conversations and communications that are private," he said at a news conference. "Sometimes things just happen organically. It was time for a change."

As of Sunday, the number of city residents testing positive for Covid-19 was at about 1%, with 73 new hospital admissions, according to the most recent data released by the city. By contrast, some 71% of those tested were positive for the disease in late March.

New York City has recorded more than 220,000 infections and nearly 23,600 confirmed and probable virus-related deaths.

The city's NYC Test & Trace Corps has been able to reach 96% of people who are newly diagnosed with Covid-19, according to recent data. Of that group, three in four of the new cases complete an intake to share information that is valuable to contact tracers.

And of those people who are listed as contacts of the initial case, roughly half complete the intake with a health worker. By its own assessment, the program is at its goal for reaching people, but not at its target for cases completing an intake to the trace program.

Mr. de Blasio said he received Dr. Barbot's resignation letter Tuesday morning. "I want to thank her for the important work she did during this crisis," he said at the news conference.

The New York City Department of Health and Mental Hygiene is one of the world's largest public-health departments, and the commissioner role is seen as one of the premier jobs in public health.

Before leading the city's health department, Dr. Barbot had senior roles in the agency and had served as the health commissioner in Baltimore.

Her replacement, Dr. Chokshi, 39 years old, most recently has served as the chief population health officer of Health + Hospitals.

Dr. Chokshi "has spent his career fighting for those too often left behind," the mayor said.

New York City Councilman Mark Levine, who leads the council's Committee on Health, said in an interview that Dr. Barbot's departure is "a blow to our city's fight against this pandemic."

Ayman El-Mohandes, dean of the Graduate School of Public Health and Health Policy at the City University of New York, said it is important for the city to have continuity during the pandemic. "It's not a moment to create a crisis," he said.

In her note to staff, Dr. Barbot, the first Latina appointed to head the department, said she "always put public health, racial equity and the well-being of the city I love first."

LEV RADIN/PACIFIC PRESS/ZUMA PRESS

Oxiris Barbot was appointed in 2018 by New York City Mayor Bill de Blasio as the first Latina to head the premier department.

Judge's Ruling Spurs Calls for Improved Voting Procedures

By Katie Honan

A federal judge's ruling to reinstate thousands of invalidated ballots from New York's primary shows that the state needs to come up with a better voting process for November's general election, voting advocates and elected officials said Tuesday.

Judge Analisa Torres, of Manhattan, on Monday ordered the state board to require the local election boards to count ballots with missing postmarks that were received two days after the primary, which was held on June 23. She also ordered ballots marked with a June 24 postmark to be counted.

Her decision was in response to a lawsuit filed in federal court against the state's election board and Gov. Andrew Cuomo by four candidates and 14 voters who alleged their rights were violated when thousands of absentee ballots weren't counted.

On Tuesday, a spokesman for the state's Board of Elections said they would appeal the ruling, citing the burden on local boards to count the ballots.

"Given the totality of the circumstances here, we understand the desire to protect the rights of voters," Commissioner and Co-Chair Douglas A. Kellner said. "However, this will place a tremendous burden on the local boards of elections as they are preparing for the November general election and is highly unlikely to change the results in any contest."

More than 414,000 New York City residents voted by absentee ballot in the June 23 primary, which is more than 10 times the number of absentee ballots cast in the 2016 primary, according to court documents. Mr. Cuomo had broadened the absentee-ballot rules due to concerns over in-person voting during the coronavirus pandemic.

But some of those ballots ended up being invalidated because they didn't have a postmark, or had a postmark later than June 23. The issue was worse in Brooklyn than in other boroughs, officials said.

Mayor Bill de Blasio on Tuesday called for a "different approach" by the city's election board, especially with the general election coming up Nov. 3.

"The Board of Elections can do better and must do better," he said. "I think what the Board of Elections needs to do is look at exactly where the challenges were and come up with a very systematic plan to address them and be ready for the general election."

New York's June primary election faced multiple challenges, including the unprecedented number of absentee ballots. A record number of Americans are expected to vote by mail-in ballot in November, as a result of coronavirus-related social distancing.

Judge Torres said validating the ballots is in the public interest, given the issues weren't the fault of the voters. During the court proceedings, representatives from the U.S. Postal Service testified that they received more than 30,000 absentee ballots the day before the primary, which were then rushed out to voters.

NYC Considers Serving Up Outdoor Dining When the Chill Sets In

By Charles Passy

When New York City relaxed regulations for outdoor dining earlier this summer, thousands of restaurants set up shop, creating open-air spaces that some locals say evoke the street cafes of Paris.

But will those same restaurants extend the festivities into winter if the city lets them?

The city is considering allowing its outdoor-dining program, dubbed Open Restaurants, extend into the colder months, Mayor Bill de Blasio says. Currently, the program is slated to end Oct. 31. "We're going to look at whether we can go farther this year. That's still an open question."

In any case, Mr. de Blasio said the program would be repeated next year, starting June 1 and potentially earlier.

So far, restaurants are mixed on whether they would participate in outdoor dining in the colder months. Many owners said they would embrace the idea of serving customers outside even in the chilly weather. They might have to spend hundreds, if not thousands, of dollars on outdoor heaters and potentially other equipment to ensure patrons stay relatively warm.

But given that indoor dining could still be banned by winter's arrival, they said they might not have much choice if they want to keep their businesses afloat.

"I'm just trying to stay ahead of the grim reaper," said Ron Silver, owner of Bubby's, a Tribeca restaurant.

Others said that even if indoor dining is allowed, they would still welcome outdoor seating as an added income stream. If nothing else, they said it might help them recover from the financial hit they have sustained to date from the pandemic. "We have to make up for lost revenue," said Ricky Dolinsky, owner and executive chef at Tzarevna, a Lower East Side restaurant.

New York state and city officials haven't provided any update as to when indoor dining might return. But Mitch Schwartz, a spokesman for Mr. de Blasio, said the decision to continue outdoor dining would be made independently.

Other restaurateurs said they see little point in operating outdoors in the winter. The added expense is a key issue, but they also questioned if the business will really be there.

"I don't see many New Yorkers coming out in the freezing cold," said Nate Adler, owner of Gertie, a restaurant in Brooklyn's Williamsburg neighborhood.

Restaurant owners looking ahead to winter service are hopeful that the city might allow them to offer outdoor spaces with a little less exposure to the elements—say, with a tent of some kind. But city officials said that would essentially defy the safety factor of outdoor dining during the crisis. "There will be no yurts," said Mr. Schwartz, referring to the tent-like structures.

METRO MONEY | By Anne Kadet

Many Are Squirreling Away Savings

HANNA BARCZYK FOR THE WALL STREET JOURNAL

Against all odds, Britton Carver's finances are in great shape. Yes, the Brooklyn waitress is still waiting to be called back to her restaurant job. And her unemployment pay falls well short of what she had been earning before she was furloughed in mid-March. But while stuck at home, she still has managed to grow her savings by $7,000.

"I just got really excited and into lowering my expenses," says Ms. Carver, who is 29 years old. "It became a game—how little money can I spend?"

Yes, the pandemic brought real financial hardship to many New Yorkers. But for others, the lockdown worked like Miracle-Gro on their savings.

According to Mint, a budget-tracking and planning app used by more than 15 million Americans, New York City users posted an average net cash flow—that is total income minus total expenses—of $1,644 a month in April, May and June. That's in sharp contrast to the same period last year, in which the average New York City user saw a -$110 monthly net cash flow.

The biggest year-over-year drops in spending, according to Mint, came from entertainment, -34%; personal care, -35%; and travel, -53%.

Chase Bank, meanwhile, says its New York City customers who set up automatic-savings plans through its mobile Autosave feature squirreled away nearly 20% more in June than in February.

Ms. Carver, the waitress, was a determined saver even before the pandemic, using You Need a Budget personal-budgeting software to account for every penny. But when the lockdown arrived, she really got serious.

She eliminated her monthly travel and restaurant allocations. And she didn't cut just her $127 train pass; she suspended the $10 Apple Music subscription she no longer needs for commutes.

Her one splurge? Plants. She has allocated $15 a month to this new category to cover soil, bug repellent "and the occasional joy-inducing new-plant purchase."

The lockdown's biggest financial beneficiaries, of course, were those who saw their spending drop while income held steady. Bill Rustum, a law-firm partner who works in Manhattan and lives in Summit, N.J., says that despite spending a lot more on groceries, he has saved $1,000 to $2,000 a month on everything from movie tickets to a canceled European vacation. "It's worked out very well for me personally," he says. "I'm very lucky in that regard."

The lockdown didn't lower everyone's spending. Shannon McLay, CEO of the Financial Gym, a membership-based, financial-planning business based in Manhattan, says clients have tended toward two extremes.

Some have been spending more than ever on food delivery, alcohol and online shopping. One client blew $1,000 on a single panic-driven trip to the supermarket.

"If people are home in a bad situation, a bad relationship, it's going to come out in their spending," Ms. McLay says. "Retail therapy is real."

Others, however, got serious about saving, some for the first time. For people in their 20s, this is their first experience of a down economy. It has served as a wake-up call. "Now they understand what an emergency can look like," Ms. McLay says.

Esther Dompo, who lives in the Bronx and works at Costco, says that when her work hours increased during the lockdown, she opened a savings account and began depositing $200 from each biweekly paycheck.

"It really taught me that if everything were to just shut down out of nowhere, I'd definitely need that fund there," she says.

Not everyone welcomes the savings opportunity. Manhattan resident Arnold Plotnick recently sold his veterinary practice and took an early retirement so he could enjoy life. At the start of the year, the 60-year-old transferred $25,000 into his checking account to cover six months of expenses including museums, dining out and a trip to Peru. His spending so far? $5,000.

"I go from park to park to park, and I read," he says of his new routine. "I read 35 books this year."

He appreciates his relative good fortune, "but I'd rather be having a good time and spending it."

So will people continue the new frugality going forward? Don't count on it, says Neel Shah, a Monroe Township, N.J., wealth adviser.

He says that while he is advising clients to increase or even double their savings to cover living expenses in these uncertain times, many already are spending again.

Past financial catastrophes, he notes, were long and severe enough to teach useful spending and savings habits that lasted a lifetime. The current situation, at least so far, doesn't compare. "With the Depression, you had the raw human elements of people not having enough to eat and living in the street," he says. "Now, it's a question of people not going out to eat."

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GREATER NEW YORK WATCH

NEW JERSEY

Highway Revenues, Expenses Both Drop

The coronavirus pandemic's far-reaching effects on New Jersey's finances have begun taking a toll on the New Jersey Turnpike and Garden State Parkway.

The New Jersey Turnpike Authority, which oversees both roadways, posted the latest financial data for the first half of the year recently, painting a bleak picture: Traffic on the Turnpike was down 30% through June, with revenues down 27%; for the Parkway, toll transactions fell 26%, and revenue was down about 27%.

Despite the downturn, the authority and transportation experts sounded an optimistic note about the remainder of the year.

That is because the authority's expenses so far this year are $53 million below budget, and snow removal, salary, benefits and toll processing also are under budget, authority spokesman Tom Feeney said. The authority also refinanced debt, resulting in savings from debt-service payments of about $180 million.

—Associated Press

CONNECTICUT

Hartford Shootings Leave One Dead

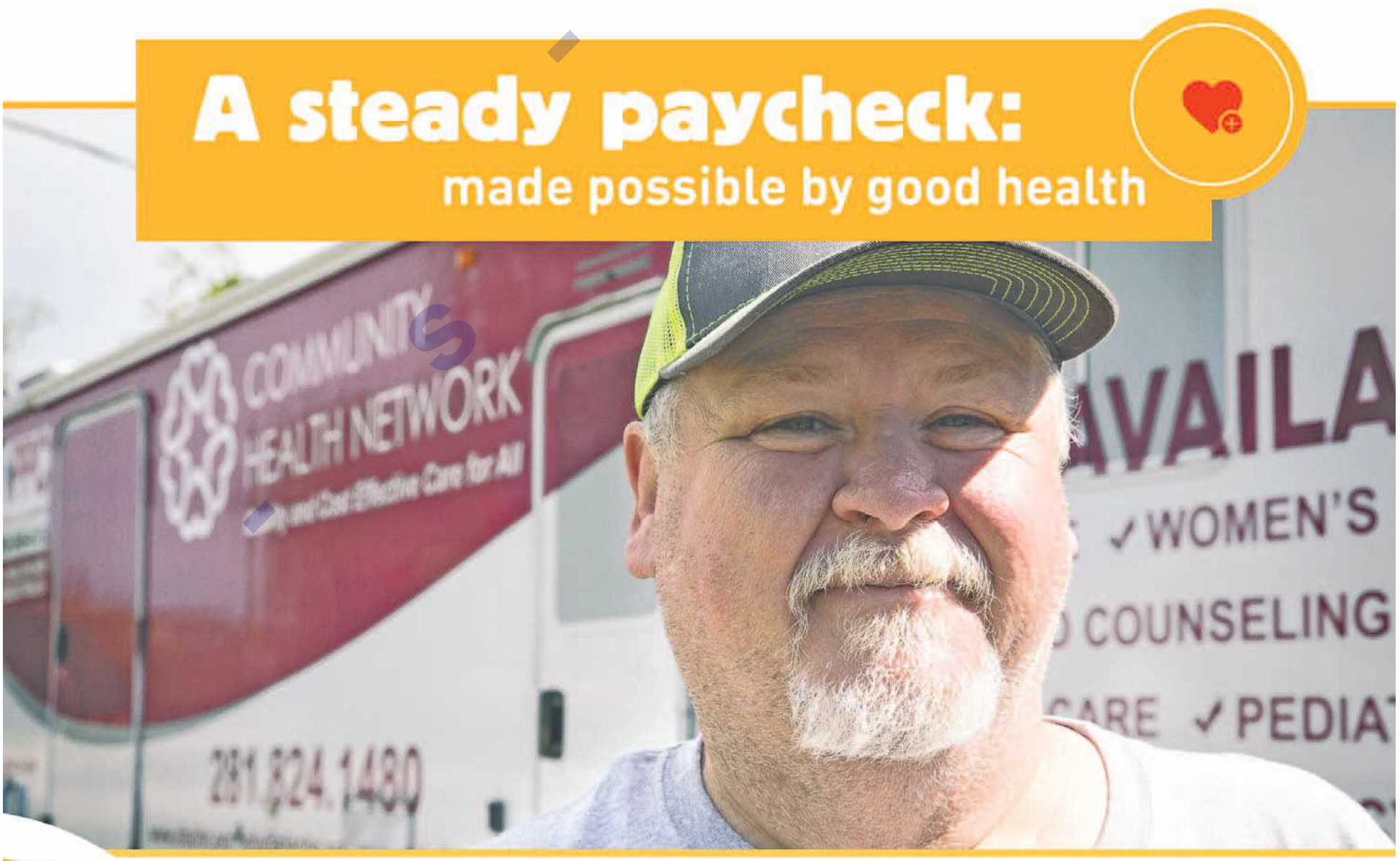
Two separate shootings in Hartford's North End killed a man and wounded eight other people, city police said.

Three people were wounded by gunfire in the first shooting shortly after 10:30 p.m. Monday, Lt. Paul Cicero said. Two victims were in surgery early Tuesday morning and another had a non-life-threatening injury, he said.

A few hours later, six people were shot during a large gathering at a warehouse. One of the victims, an adult male, was pronounced dead at about 2 a.m. Tuesday, said Lt. Cicero.

Police are investigating whether the shootings were related. Officials didn't disclose the victims' names or possible motives.

—Associated Press



Health is essential: Truck driver DeWayne was on the road when Hurricane Harvey hit. Back home, floodwaters washed away his mobile home—and his medicines. Without medication to control his blood pressure and diabetes, DeWayne had a heart attack. He lost his job. In urgent need of health care, DeWayne came to an Americares-supported clinic. The clinic provided DeWayne with treatment—and encouragement. Today, DeWayne is back to work.

With good health, anything is possible.

To make health happen, visit americares.org.

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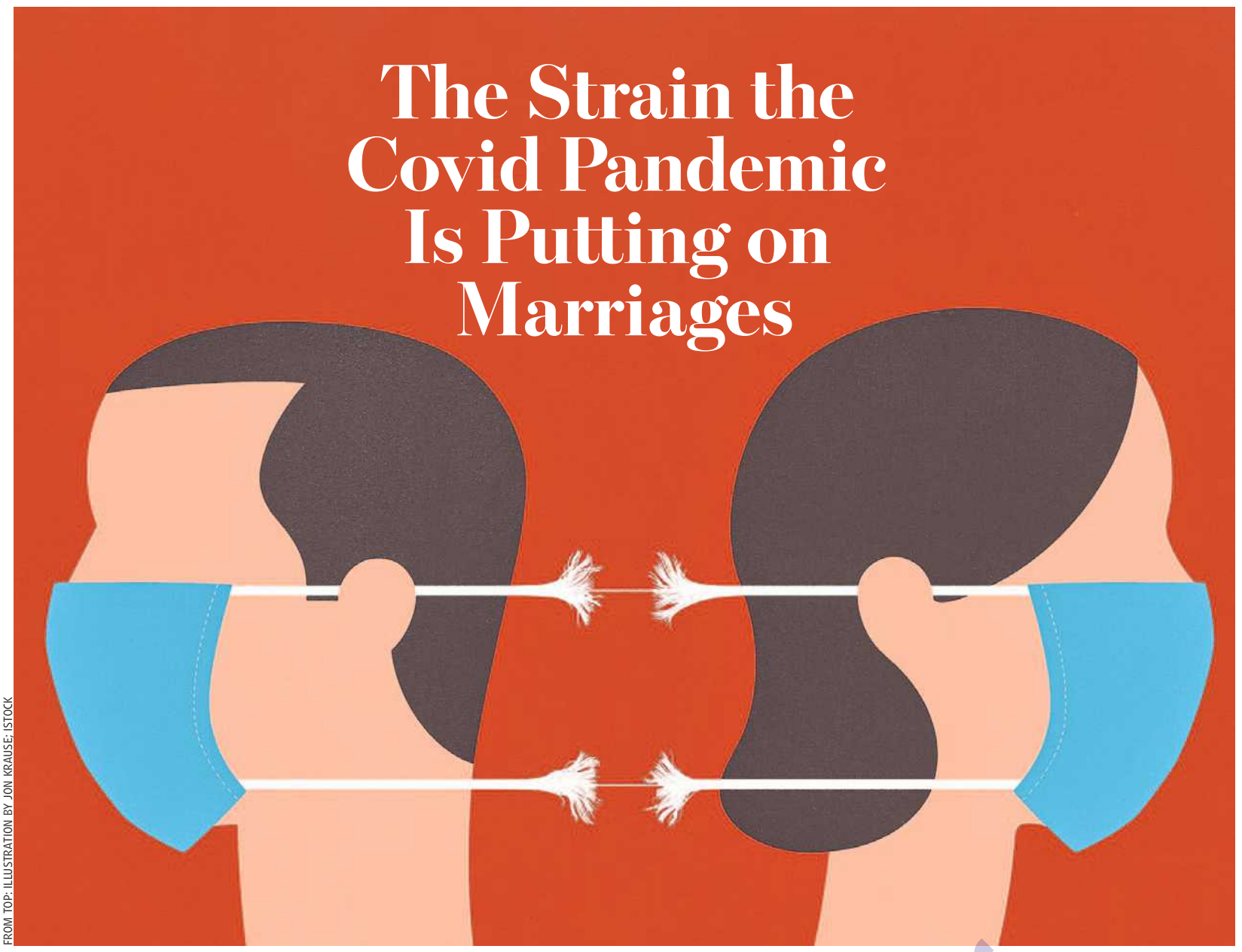
The Strain the Covid Pandemic Is Putting on Marriages



FROM TOP: ILLUSTRATION BY JON KRAUSE; ISTOCK

Coronavirus stress has produced a pressure cooker inside homes, hurting even strong partnerships and, experts say, likely breaking others

By Anne Marie Chaker

For Kristin and Ilya Shapiro, the Covid pandemic has created new tensions. Lately, the spouses have argued about Mr. Shapiro's travel schedule: Ms. Shapiro doesn't like that it creates child-care headaches. But Mr. Shapiro says it's important to his work as a Washington, D.C., think tank director, and offers emotional respite too.

"I would be lying if I said there haven't been tears," says Ms. Shapiro, a 37-year-old attorney. She is confident they will make it through together. But for now, their stress level is high. "This has been a very difficult period," she says.

Even in the best of times, marriage and relationships are hard work. But the pandemic has produced a pressure cooker inside homes, straining even strong partnerships and, experts say, likely breaking others. Families are cooped up, with spouses trying to work while also taking care of their kids. Job losses, caring for at-risk elderly parents, arguments over what's safe, and disagreements over school reopening are all taking a toll.

"Where there was a crack, there is now a rupture," says Kathryn Smerling, a family therapist in New York City. Dr. Smerling says she has gotten about 20 calls for appointments from couples in the past four months, compared with a handful in the same period a year ago.

Susan Myres, president of the American Academy of Matrimonial Lawyers, which represents 1,600 members nationwide, says she expects new divorce filings to increase somewhere between 10% and 25% in the second half of this year. For much of the lockdown, most state courts weren't processing divorce filings or struggled to manage case flow, so it isn't currently possible to assemble meaningful nationwide statistics, she says. But anecdotally, she says, member attorneys have received more queries than normal since March.

More than one-quarter of adults said they know a couple likely to break up, separate or divorce when the coronavirus pandemic ends, according to an Ipsos poll of 1,005 people conducted at the end of July. In White Plains, N.Y., divorce attorney Leslie Montanile says her "what-if" calls—free consultations for clients putting out an initial feeler—have totaled 20 in the past four months compared with about three in that time last year.

Sodoma Law, a family law practice based in Charlotte, N.C., consulted with 263 new clients on divorce issues from April to July compared with 217 clients in that same period a year ago, says Nicole Sodoma, founder and managing principal of the firm. Summertime is usually when separating parents make the transition to two households, giving themselves time to acclimate before the school year begins. But courts have either been closed or backed up, she says, and many clients have felt stuck. "It's added stress to an already stressful situation," she says.

27%

of adults in an Ipsos poll said they know a couple likely to break up, separate or divorce when the coronavirus pandemic ends.

In some cases, tensions can mount into violence. The National Domestic Violence Hotline says total contacts—calls, texts and online chats—increased 9% to more than 62,000 in the period from mid-March to mid-May, compared with the same period a year earlier.

"When couples have external stress, it affects how they interact with each other," says Paula Pietromonaco, a professor emerita at the University of Massachusetts, Amherst, who wrote a recent analysis on the potential impact of Covid-19 on marriages for American Psychologist. "Interactions become less constructive. People are likelier to blame their partner."

Dr. Pietromonaco says research has demonstrated the toll that outside stresses can take on a couple's relationship. One recent study published in the Journal of Family Psychology observed 414 newlywed couples. Spouses who experienced greater external stress, from work stressors to financial problems, had lower relationship satisfaction than couples with fewer external stressors.

"People spend years regulating their relationships—when to be together, when to be apart," says Richard Weissbourd, a family psychologist at the Harvard Graduate School of Education. Now, quarantines and other disruptions have scrambled all of that. "You can't regulate when to be apart and when to be together. Sometimes you confront things that you avoided for many years," he says.

Even in the most communicative partnerships, there is more stress. "We have a strong marriage," says Courtney Westling, a public-schools official in Portland, Ore. "But this has not been easy." She and her husband of seven years, Mike, have spent recent months negotiating new work spaces in their home as well as child care for their sons, ages 3 and 5.

Before, routines gave them their own separate lives—and something to come home and talk about while eating dinner or after putting the kids to bed. "That was our time together," Ms. Westling says. Now, she says, "I don't have that time with my husband," she says. "Everything is harder."

Mr. Westling, a communications consultant, agrees. In a recent heart-to-heart with his wife, he said: "'I am doing my best and it feels like my best isn't very good right now.'"

"There was a time at the end of the day when you would talk about some important things...It was, 'Well, what's been tough for you?'" he says. "Now it just feels like everything is tough."

They have argued more about which parent is handling distance learning and how to expand their quarantine bubble, Ms. Westling says. She says their marriage remains strong, and they haven't had any make-or-break fights. "It's all things around the edges, but when you add them all up it's a lot."

How to handle Covid stress in relationships

Keep in mind that this is a unique situation.

Marci Gleason, a professor in human development at the University of Texas at Austin who studies relationships, collected two weeks of daily diaries from more than 80 couples in April and May. Preliminary findings show that couples who point to Covid-19 as a principal reason for their current relationship difficulties—rather than some flaw in their partner—are faring better. "When your spouse does something that upsets you, it's easy to veer into blaming it on some character flaw. That is not a good sign," she says. Couples that tend to see "situational attribution," she says, do better. "If I have the mentality that this is because of the situation and not my partner, that should be beneficial."

Think twice about big relationship decisions during this time.

White Plains, N.Y., divorce attorney Leslie Montanile says she is advising potential clients under marital duress to take a step back and pause. Recognize that everyone is under added strain, and that a partner's on-the-surface behavior may really be about something deeper. "Maybe what you don't recognize is that your spouse is actually anxious about the uncertainty, maybe his job or some underlying health issue, and it causes them to act out. But that doesn't mean it's the end of a marriage." That's particularly true in a relationship that had previously been solid, she says. "Recognize that we are not living in ordinary times," she says.

Don't forget to play.

The world feels heavy right now, and so it is more important than ever to find joy. Take advantage of the added time with your partner to find moments to laugh and have fun. And if those moments don't come to you, make them. "You need to create moments of play," says Kathryn Smerling, a family therapist in New York City. "Go out for a run, listen to a podcast together, spend time in nature. Play is not only how children learn, but it is also how we refresh ourselves." Creating lighthearted moments is also a useful tool in reminding ourselves what attracted us in the first place to our partners. "Remember that this is the same person, but this is just a short period in time."

ASK **BONDS**

GIVING UNSOLICITED ADVICE

Dear Bonds,
My adult son hates when I give him advice. So I try to stay quiet, let him learn from his own mistakes, and wait until he asks for help, just as I tried to do when he was little. But as a father, I do feel I have valuable wisdom to impart. Take this weekend, when my son was making steaks for dinner. He didn't warm up the grill before putting the steaks on! When I mentioned this—"Son, let me show you how I like to do it"—he snapped and told me to finish them myself. What did I do wrong?

—Grilled in Chicago

GETTY IMAGES

Serving up some unsolicited advice? Try following a three-step approach.

Dear Grilled,
Oh dear. You've butted in between a man and his fire. I realize that the man in question is one whose diapers you once changed. That, as a father, you do have hard-earned knowledge to share. And that searing meat over an open flame seems like a perfect father-son bonding experience. But I'm afraid you need to tend to your technique a little.

My guess is you often offer unsolicited advice, probably not just to your son. I know you're just trying to be helpful. So let's come up with a plan to make sure your guidance is welcomed, and maybe even heeded. I want you to follow the Three A's: **Assess. Ask. Adjust.**

Start with **assess.** You need to do a little research. Talk to a few people you trust—your wife or partner, a good friend, another child who isn't always annoyed with your advice—and get their take on your feedback style. Do you give too much of it, or does it come across as harsh? This isn't about analyzing your son's response; it's about examining your approach.

Now **ask** your son what you're doing wrong. Maybe he feels as if you don't see him as an adult or trust him to do something right on his own. Let him know you're sensitive to his concerns. And explain why you like to give advice—maybe because it feels like a way to stay connected? Ask your son what his advice is to solve the problem.

Then **adjust** your approach, based on what you've learned. And remember that even well-intended advice can come across as criticism. So how you give it is as important as what it is. I am fascinated by a study I came across recently showing that people are more willing to accept feedback when it focuses on what they should do in the future, rather than on what they messed up in the past.

How do you do this? Stop pointing out what you think your son is doing wrong. Praise what he has done right. ("It's so wonderful that you made the time to have us over for dinner.") Come up with a goal. ("I'd love to show you how your grandfather taught me to make an awesome BBQ roast.") Ask for collaboration. ("I'll try hard not to criticize. Will you forgive me if I slip? I love being your father.")

Now, go fire up that grill.

—Elizabeth Bernstein

In 'Ask Bonds,' I answer questions about relationships. Have a short question that you think others can relate to? Send it along to me at elizabeth.bernstein@wsj.com. Follow me on Twitter, Facebook or Instagram at EBernsteinWSJ.

Lockdown Tantrums? Enter the Robot Playmate for Children

FAMILY & TECH
Julie Jargon

The pandemic lockdown has been hard on all ages. But its effects have been especially difficult for young children, who thrive on the kind of physical interaction and social-learning they get at school.

As this pandemic lingers and many schools remain closed, some companies are gearing up to sell robot playmates.

Socially assistive robots, as these automatons are known, are intended to help alleviate loneliness, anxiety and stress in humans. Such robots have been used mostly in clinical settings to distract and calm kids before medical procedures, to help children with autism learn social skills and to comfort elderly dementia patients.

Their effectiveness in clinical settings has been mixed or inconclusive. Research on the use of social robots to quell anxiety in children hasn't revealed a big upside. A Yale University study that examined the effects of interacting with a socially assistive robot after completing a stressful task found that kids who interacted with the robot showed greater increases in positive mood than children in the control group, but negative mood and anxiety didn't improve.

But now, early childhood development experts and engineers are working together to create robots aimed at helping young children regulate their emotions and develop social skills at home.

Two companies planning to sell social robots for the home this fall were developing them well before the coronavirus pandemic, but now they say the timing couldn't be better. After all, any parent who has been cooped up with young children for the last few months has probably noticed a rise in meltdowns (I know I have).

While they have similar goals, they are vastly different in style and price. There's the Purrble, a $49.99 critter that resembles a teddy bear more than a robot, but is made with sensors that cause the robot's heart rate to slow when it's being petted, and to emit a soft purr. It's designed for children ages 3 to 9. The idea is that if kids learn to comfort something else, they can better learn to regulate their own emotions.

At the high end is Moxie, a robot recommended for kids ages 5 to 10 that speaks in a childlike voice, remembers what it learns from conversations, and provides what eerily resembles human empathy. Moxie is priced at $1,499, with a monthly subscription fee of $59.99 after a year to cover maintenance and updates. Moxie is being marketed directly to consumers; Purrble will be available on Amazon in September, its maker says.

Purrble was developed by the Committee for Children, a nonprofit focused on kids' social and emotional learning, along with Petr Slovak, a researcher in human-computer interaction at King's College London, and Katherine Isbister, a professor at the University of California, Santa Cruz. The nonprofit's innovation group wanted to create something to help calm kids without use of a screen.

"When fidget spinners came out I thought maybe we had lost our opportunity," said Mia Doces, vice president of innovation at the Committee for Children. But the group pressed on, developing a prototype that it tested with 15 families over two years. The results, though limited, were promising enough to encourage them to commercialize it. The nonprofit partnered with Sproutel, a firm that has designed robot toys for children with cancer and diabetes, to refine the product, which initially resembled a potato. Sproutel co-founder Aaron Horowitz said his experience growing up with human-growth-hormone deficiency and having to get shots every day, led him to want to make medical procedures less frightening for children, so he created a degree in mechatronics in college so he could learn how to design socially assistive robots.

But why buy a furry robot when you can get a cat or a puppy?

"A robot doesn't dirty a litter box," said Margaret Trost, a pediatrician at Children's Hospital Los Angeles, who has conducted a review of the research on social robots. "They're not meant to replace pets; they are designed to cause specific changes in a human."

Annalise Cohen, a mother of two in Providence, R.I., said her 6-year-old son had been having temper tantrums, so when a friend who knows people at Sproutel asked if she'd like to test the Purrble last month, she agreed.

"My son really latched onto the Purrble in a way I was really surprised by. He's never taken to any plush toys," she said.

Ms. Cohen used to send her son to his room when he had a tantrum and advise him to take deep breaths. Now, she tells him to find Purrble and explains that the critter can't calm down until he does. Ms. Cohen said she has noticed fewer outbursts in recent weeks. "I don't know if it's entirely Purrble-related but the timing seems to correspond," she said.

New robots are meant to help young kids regulate their emotions and develop social skills.

Dr. Slovak, who helped develop Purrble, said he plans to begin a bigger study in the fall with the hope of proving it as a therapeutic tool. "We have anecdotal evidence that it works but in order to get the clinical community interested, there's a robustness of data we need to have," he said.

That has been the limitation of the research on socially assistive robots in general. Dr. Trost, the pediatrician, said the science behind many studies on robots' effectiveness in reducing children's distress and pain in medical settings isn't very good. "I think it's a very promising field, but it's nascent," Dr. Trost said.

Is there a possibility these new robots could end up being too effective, causing kids to prefer robots to people?

Paolo Pirjanian, chief executive of **Embodied** Inc., the company that makes Moxie, said the robot was designed with that possibility in mind; it powers down if a child tries to use it for more than two hours a day. Parents also can use an app to set a bedtime and wake-up time for the robot.

"We will not allow your child to binge on Moxie," said Dr. Pirjanian, the former CTO at Roomba vacuum maker **iRobot** who co-founded Embodied in 2016 because he wanted to develop a product that would help families.

Jennifer Nishizaki, a mother of two in Pasadena, Calif., is testing Moxie for a year. She is hoping Moxie might help her 5- and 8-year-olds learn not to interrupt one another.

"Simple turn-taking and conversational skills might improve because Moxie can't understand if they are talking over each other. That's a lot of what they learn in school and they'll be losing that in the fall," she said, since their school district is opening with remote learning. "This is the time when we need robot buddies."

Moxie, at right, is a robot that speaks in a childlike voice and provides what eerily resembles human empathy. At left, Annalise Cohen's 6-year-old son, Sam, has taken to the Purrble.

FROM TOP: MICHAEL WELLS; ANNALISE COHEN

MY RIDE | A.J. BAIME

Ford's Race Car Homage Became His American Dream

Peter Volny, 74, a retired advertising executive living in Fountain Hills, Ariz., on his 2006 Ford GT, as told to A.J. Baime.

Below, retired advertising executive Peter Volny with his 2006 Ford GT. The car can hit speeds of over 200 mph.

I grew up in Australia, a car fan from an early age, and around the time I started driving, America was producing fabulous cars—a lot of muscle cars and such. My dream was to come to America because of this. It took me a long time to get here. I lived in England and in Canada, and my wife and I finally moved to the U.S. in 2004.

We chose the Scottsdale area of Arizona because, to me, Scottsdale is Mecca for car fans. I'm not saying there are not larger numbers of beautiful cars in places like L.A., but in the Scottsdale area there seems to be the highest concentration of special cars and car lovers. In 2014, I started a car show called Concours in the Hills, thinking I'd get 100 cars. This year, before the pandemic hit, the show drew 1,052 cars.

Around the time we moved to the U.S., there was a movement among American car makers to redesign iconic models as direct homages to their original 1960s versions. General Motors redid the Camaro to look like the 1960s Camaro, as did Ford with the Mustang. Dodge redesigned the Challenger and Charger to look more like the originals. For me, the new car that was most authentic and true to the original vehicle that inspired it, and the highest performance of all of these cars by far, was the Ford GT, which Ford debuted as a concept car at the Detroit auto show in 2002.

I was there in Detroit when the GT was first unveiled. I wanted one immediately. The car is an homage to the Ford GT40 racing car that won Le Mans from 1966-1969. Ford only made this new GT in model years 2005 and 2006, and for a long time I searched the market for a used one with low mileage.

I found the perfect car in Las Vegas—the color scheme I wanted, and a car without the optional upgraded stereo system, because for me, the sound system is the supercharged 5.4-liter, 550-horsepower V-8 engine that sits right behind the driver's ears. (The engine sits behind the cockpit in the GT.) This particular car had only 23 miles on it and, to my knowledge, the owner had literally never driven it.

I bought the car in 2009 and have loved it ever since. This is a totally analog car. It has no electronic stability control, no computer screens, no GPS. It has a manual six-speed transmission. It requires concentration to drive. It is so low to the ground, you have to be nimble to get in and out. The doors are designed to open and pull out part of the roof with them. Otherwise you would not be able to get your head low enough to climb inside. And, this car will go over 200 mph.

Since it is an homage to a 1960s race car, it has almost no room for anything but a driver and passenger—not ideal for weekend getaways. I have done numerous short rallies with it, and I take it to local car shows. Sometimes, I wake up early, before anyone is out, and I exercise it. To me this car embodies all the magic that made me fall in love with cars in the first place.

CAITLIN O'HARA FOR THE WALL STREET JOURNAL (2)

ARTS IN REVIEW

TELEVISION REVIEW | JOHN ANDERSON

A Tart Tale of Ancestry

Seth Rogen stars as a Jewish immigrant and his great-grandson, united by a pickling accident

HOPPER STONE/SMPSP/HBO MAX

Seth Rogen in 'An American Pickle,' streaming on HBO Max

To borrow from the old Levy's rye bread ad, you don't have to be Jewish to love "An American Pickle." The story—about an Eastern European immigrant who's preserved in pickle brine for 100 years and then wakes up in present-day Brooklyn—does rely a bit heavily on shtetl humor, Cossack jokes and the comedic potential of Old Testament-style misogyny. At the same time, it has some savvy things to say about social media, assimilation and a specifically American condition: the peculiar mix of embarrassment and pride (and guilt) one can harbor about one's ethnic origins. With a character who brings it all back home.

Seth Rogen has always seemed more likable than hilarious, partly because he's very likable. (Some may be finding him less so lately, after some well-publicized and controversial remarks about Israel.) His comedy is usually, if anything, overstated. In "An American Pickle," though, he's tartly, even drily, funny, while playing two fairly un-charming characters: Herschel Greenbaum, the ditch-digger from Schlupsk who immigrates to New York in 1919, falls into a vat of pickles, and awakens in 2019 (giving new meaning to "woke"). And Ben Greenbaum, Herschel's only living relative, who introduces his great-granddad to life in modern Brooklyn. And to modern life.

Herschel is agog. His life in Schlupsk was one of mindless labor, broken shovels and mud. One day, he met Sarah (Sarah Snook of "Succession") and was smitten. "She was strong," he recalls, "and had all her teeth." They had much in common: "Her favorite color—black! *My* favorite color—black! Her parents murdered by Cossacks! *My* parents murdered by Cossacks!" They immigrated to New York, Sarah got pregnant and Herschel managed to fall into the vat just as the lid was going on and the building was being condemned.

How did Herschel survive? "American Pickle" is not "Nova": An explanation, off camera, is given to the press, the press swallows it whole, and there will be no more discussion of the preservative virtues of salt, vinegar, dill and juniper berries. Besides, Herschel is desperate to find out what happened to his most cherished possession—his family. Ben explains that Herschel had a son, Mort ("Mort..." Herschel murmurs, savoring the name). He's shown the family album, Ben introducing him to the people he missed while brining. One of the more poignant allusions in "An American Pickle," though it isn't over-emphasized, is to the prominence of death in the lives of Old World immigrants like Herschel who, as soon as he got to the U.S., bought a cemetery plot. And the first thing he wants to do with Ben is go visit it.

Ben, a modern guy—a freelance mobile app developer, as it happens—hasn't visited since his parents were killed in a car crash some years before, and the graves, at the end of the cemetery, abutting a highway overpass, are litter-strewn and shadowed by a billboard that's being prepped to advertise Russian vodka. "Cossacks!" Herschel fumes and attacks the construction workers. He and Ben end up in jail, and the upshot is that Ben now can't get his app financed, because his great-grandad has ruined his Google profile.

That they sour on each other is the salvation of the movie: Herschel, a paragon of immigrant pluck, decides to build a pickle empire and does so by rescuing cucumbers and salt from supermarket dumpsters, erecting a cart out of salvaged parts and selling his wares on the streets of gentrified Brooklyn—where his "artisanal" pickles become a sensation. Ben, jealous, sics the government on Herschel, and between the regulations and taxes he's put out of business. Go big, he's told. Hire workers. "I can't afford workers," Herschel grumbles. Hire interns. "Interns?" he asks. Explained the concept, Herschel asks, "Like slaves?" No, No, No. Well, yes. It's one of the better lines out of Simon Rich's screenplay (adapted from his short story "Sell Out").

There aren't many comedies that owe an equal debt to Washington Irving ("Rip Van Winkle") and Don Bluth and Steven Spielberg ("An American Tail"). "An American Pickle" may not have the shelf life of those other works, but it's like a gherkin—sweet, eccentrically shaped and would go well with a pastrami sandwich.

An American Pickle
Thursday, HBO Max

CULTURAL COMMENTARY

Socially Distanced Sound

By Barbara Jepson

When music lovers envision a night at the symphony, they picture a stage filled with 80 to 100 players arrayed in close proximity. Obviously that hasn't been possible in the U.S. for a while due to the coronavirus, and won't be for some time. Major orchestras in Boston, Chicago, Cincinnati, Los Angeles and elsewhere have canceled their classical seasons through year end or later.

But regional orchestras are proving more adaptable. A number of them will begin modified schedules of live concerts in September: The Tulsa Symphony will mount an all-Beethoven program with 52 musicians for up to 1,700 listeners in an 8,000-seat, minor-league ballpark. The Richmond Symphony is planning indoor, outdoor and live-streamed events. The Fort Worth Symphony will present reduced-orchestra performances for about 500 individuals in its 2,000-seat hall.

Given the right conditions, more major orchestras should be taking similar steps. There's a large and artistically rewarding repertoire on a smaller scale that could be played, where it is safe to do so, before mask-wearing, socially distanced listeners, from string quartets and other chamber music to opera overtures, serenades and symphonies. Doing so now would allow arts presenters to return to their core mission: putting on live concerts in front of audiences. And it would enable at least some orchestra members to perform and some concertgoers to re-experience the joys of live music-making. These events might also offer opportunities to experiment with alternative onstage placements before moving to the next phase with a full symphony orchestra.

At the very least, orchestra members could play chamber music outdoors while the weather is good. Classical Movements, a concert tour organizer, has sponsored seven such events in Alexandria, Va., since June with no reported spread of the virus, and several orchestras have been organizing small open-air performances as well. But so far, the Minnesota Orchestra is the only one doing this on a significant scale, with 24 outdoor chamber concerts throughout August for 250 ticketholders per event.

Of course, the same health concerns apply to small ensembles as to large, centered on respiratory discharges. When we cough, sneeze or speak, we emit droplets that travel before falling to the ground. But woodwind and brass players generate aerosols—tiny, potentially contagious particles that can hover in the air for hours. For this reason, all orchestra (and audience) members should wear masks when possible, and proper air filtration in halls is essential.

CLEMENS BILAN/EPA/SHUTTERSTOCK

String musicians of the Staatskapelle Berlin orchestra performing outside in June

Experts around the world have been conducting experiments to determine the likelihood of virus transmission to performers and audiences alike. Several studies—like those from Tokyo's Keio University and Dr. Fritz Sterz of the University of Vienna, run in collaboration with those cities' orchestras—found that only a few instruments are "super-spreaders," propelling aerosol emissions for greater distances. The flute is the worst culprit, because the breath of the flutist goes directly into the air, making the instrument act "like a catapult"—as Konzerthaus Berlin director Sebastian Nordmann noted in an interview with Wired Magazine—rather than dissipating down the length of, say, an oboe.

Perhaps the most useful information will come out of an experiment by the University Medical Center Halle (Saale) in Leipzig, Germany, on Aug. 22. As part of a government-sponsored project called "Restart-19," 4,000 virus-free, pop music fans wearing tracking devices will be deployed at a concert by singer Tim Bendzko in a 12,000-seat indoor stadium. They will also be given fluorescent hand disinfectant to help pinpoint frequently touched surfaces. The goal is to discover if there is a safe middle ground between the old "normal" and uneconomical smaller gatherings of a few hundred in larger halls.

Financial considerations are undoubtedly one reason for the fall cancellations. Orchestras, which typically cover less than half of concert-related expenses from ticket sales, are facing millions in unanticipated revenue losses from coronavirus-related ticket refunds, yet some cities are not permitting indoor entertainment venues to have more than 25 people, or even open at all.

But, here again, smaller institutions are showing greater creativity: On Aug. 8, the Mainly Mozart Festival will offer the third in its series of live, amplified chamber concerts for drive-in listeners at the Del Mar Fairgrounds near San Diego.

There's another challenge: Musicians need to see and hear each other in order to perform successfully. The above-mentioned studies in Tokyo, Vienna and elsewhere concluded that seating players between three and six feet apart provides sufficient protection onstage, although the musicians felt that three feet yielded better artistic results.

Once these and other recommended protocols, like regular temperature checks for players, are in place, a mix of chamber music and repertoire for reduced orchestra seems uniquely adaptable to the moment. Cautious presenters could skip wind instruments entirely, juxtaposing solo works for cello, harp, piano or violin with works for strings alone. The strings genre encompasses pieces like Vivaldi's "Four Seasons," Wagner's "Siegfried Idyll," Dvorak's Nocturne in B Major, Ellen Taaffe Zwilich's Piano Trio and, with the addition of percussion, Arvo Pärt's "Fratres."

Music with woodwinds and brass, ranging from Mozart's Quintet for Piano and Winds and Beethoven's Piano Concertos to 20th-century masterpieces like Britten's purely orchestral "Sinfonia da Requiem," might be safe to play if performers follow the preliminary recommendations of the International Coalition Performing Arts Aerosol Study, conducted in conjunction with scientists at the University of Colorado and University of Maryland. These call for wearing masks with slit-holes for the mouthpieces, covering instrument bells with nylon hose, and increasing the distance between the trombones and other players to nine feet from six.

However, even the best precautions can't prevent the unexpected. The Houston Symphony had to postpone its plans to resume live concerts with audiences because of the spike in coronavirus cases in Texas, but it's ready to go once the situation improves. As executive director and CEO John Mangum noted in a telephone interview, "The virus is here, and we have to figure out a way to coexist with it, because live performance is critical to the spiritual well-being of our musicians and our communities."

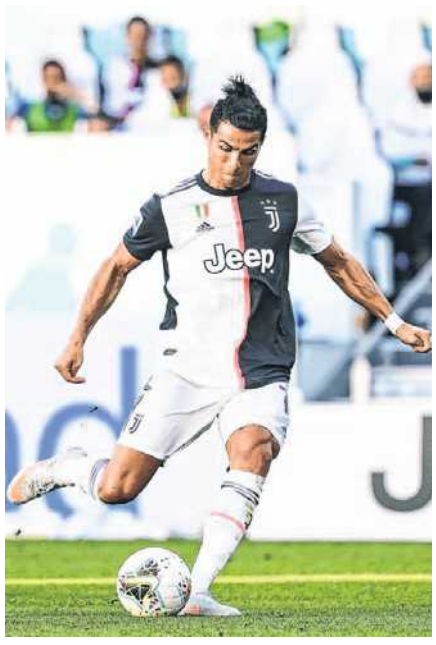
Ms. Jepson reviews classical albums and concerts for the Journal.

SPORTS

Shooting Improves Inside a Bubble

The world's best athletes were stuck inside for months. It's becoming clear that they got better.

By Ben Cohen and Joshua Robinson



Oklahoma City's Chris Paul, above, lines up for a shot. Juventus star Cristiano Ronaldo, left, ended a two-year streak without a free-kick goal in July.

FROM TOP: KIM KLEMENT/PRESS POOL; MARCO BERTORELLO/AGENCE FRANCE-PRESSE/GETTY IMAGES

Every day since sports returned has been an ongoing experiment with a once-preposterous premise: How do players change when their offices are empty?

The answer around the world is becoming clear. The world's best athletes get better.

NBA players are making a higher percentage of their free throws and hitting corner 3-pointers at rates the league has never seen. Soccer players are striking dead balls more precisely than they did before the pandemic. Without the distraction of screaming fans, one part of their games seems to have improved: shooting.

This is one of the first pandemic effects on sports. NBA and soccer players were stuck inside for several months with nothing to do but shoot in their driveways and backyards. Even when they returned to their team facilities, they were technically limited to individual workouts and skills development. By the time they could actually play with real, live human beings, they had never focused so much on honing their technique and toning their muscle memory.

It appears they used their time off wisely. While it might be statistical noise from a small sample—a few days in the NBA and a couple of months in European soccer—there are explanations for the trends that could make them sustainable for as long as games are played behind closed doors. One of them is simple.

"When they play in front of 80,000 people," Arsenal manager Mikel Arteta said, "it is much more difficult."

It isn't exactly a surprise that NBA players have improved their free-throw shooting in the bubble. As it turns out, when you're staring into a static background and not a wall of fans doing their best to make you miss, it's easier to make a shot.

"I think we should be shooting a higher percentage from the foul line because you don't have the variable of the fan in the backdrop," said Brooklyn Nets guard Joe Harris, who spent the early days of the pandemic in his Brooklyn apartment practicing his shooting motion on the couch as he watched Netflix.

He's right. NBA players shot 77.1% on foul shots before the regular season stopped—and hit the same percentage at home and on the road. But in the restart, through Monday, they are shooting 80.6%.

It isn't just happening on free throws. A similar phenomenon appears to be warping the value of corner 3-pointers—which were already among the most valuable shots in basketball. The arc is almost 2 feet closer to the basket in the corners, and yet shots from behind the shorter line are still worth three points, creating the game's most glaring inefficiency.

To understand how playing on a glorified soundstage is different, all you have to do is look at the corners. A typical NBA arena has benches and courtside fans hugging the court. But in the bubble arenas, there is far more space. With socially distanced benches and several feet of room around the court, the corners are no longer so crowded for 3-point shooters.

They have taken advantage. NBA players made 38.9% of their corner threes this season. They're making 42.8% inside the bubble.

That could also reflect statistical randomness. Harris, who has drilled four of his five corner 3-pointers in Disney World, says he doesn't notice fans when they're hovering over him in the corners. And not being as close to the court hasn't stopped players on the other team from attempting to play defense on the bench. He can't feel their presence. But he can hear them.

"They're still yelling at you when you shoot," Harris said, "and there's nobody else in the stadium."

The impact of subtracting tens of thousands of rowdy fans was more noticeable in soccer, especially the English Premier League and Italy's Serie A, which happen to be the European leagues that had the longest breaks this season.

Players spent nearly two months under lockdown orders entertaining themselves with push-ups and target practice. They came back as snipers.

They were more clinical from the penalty spot and more accurate from long range. And they rediscovered a skill that had paid off only once every 16 games this season pre-pandemic: scoring direct free kicks.

Spectacular as they are, dead balls that find their way into top corners of the net are a rare occurrence. Most of the time, a free kick that looks dangerous isn't. It sails high over the crossbar, falls into the goalkeeper's hands or bruises some poor defender in a human wall. Even the Premier League's finest free-kick takers converted just 6% of their attempts this season before the pandemic, according to data from the analytics company Opta.

That changed after the restart. Free kicks flew in 10% of the time. There were 10 goals in just 92 games compared with 16 in 288 before lockdown.

Players spent months under lockdown orders. They came back as snipers.

Liverpool's Trent Alexander-Arnold had a backyard just long enough for him to curl shots into an oversized plant pot from the patio. His months exploring the outer limits of his home turf paid off. He was responsible for two of the 10 goals.

"Obviously, I've been practicing a lot," he said.

The transformation in free-kick habits is so dramatic that Cristiano Ronaldo pulled off a trick that is beyond most 35-year-olds: He got better at something. After rolling out his elaborate free-kick choreography more than 40 times without success—the stance, the stare, the miss—he ended a two-year streak without a free-kick goal in July. The 25-yard bomb was so clearly goal-bound that someone in the empty stadium shouted "Yes!" with the ball in midflight.

The Marlins Return With New Lineup

By Jared Diamond

THE THESEUS PARADOX is an ancient thought experiment that ponders whether a ship is still the same object once its wooden planks have rotted and been replaced. Professional sports are the perfect ecosystem to explore its existential questions of identity: The team names and uniforms stay the same, but the rosters change frequently. Comedian Jerry Seinfeld has joked that it's like "screaming about laundry."

But no team in modern baseball history has tested the limits of that theory quite like the 2020 Miami Marlins. They took part in their third game of the season on July 26 with 30 players in the clubhouse. They played in their fourth game of the season on Tuesday with 30 players in the clubhouse—except more than half of them were different, effectively turning the Marlins into a patchwork cover band of themselves.

"Some of the guys I've never met," manager Don Mattingly said Monday, about 24 hours before they would be sitting an appropriate social distance away from him in the Marlins' dugout.

That's because Mattingly, like all of the Marlins, spent the better part of the past week quarantined in his Philadelphia hotel room after his team's coronavirus outbreak threw the entire industry into turmoil. Eighteen of Miami's players have tested positive, resulting in the postponement of seven of the Marlins' games and forcing their front office to construct the bulk of a new team on the fly. (They also have to fill a spot left open by infielder Isan Díaz, who opted out of the remainder of the season.)

Marlins chief executive Derek Jeter said, "We expect to be competitive when we take the field."

"To have 18 players taken out at once is a challenge for us, but our guys are looking forward to the challenge," Jeter said.

Miami isn't the only team needing to rebuild. It's just the first one. Thirteen members of the St. Louis Cardinals organization—seven players and six staff members—have tested positive for the virus, MLB announced Monday.

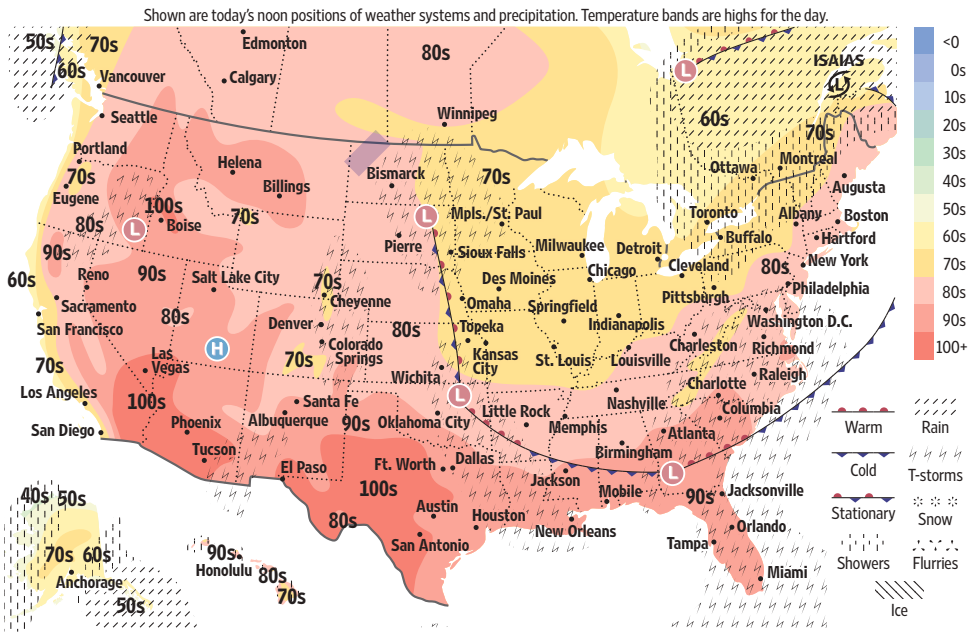
LYNNE SLADKY/ASSOCIATED PRESS

Marlins manager Don Mattingly

Weather

AccuWeather Plan your week | Visit AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

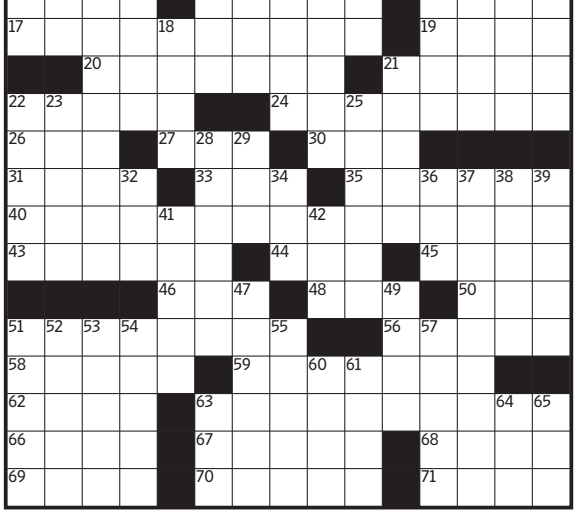
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Anchorage	69	58	pc	66	55	c
Atlanta	90	71	pc	90	72	s
Austin	99	72	s	98	74	s
Baltimore	87	69	pc	85	70	t
Boise	99	68	s	93	56	s
Boston	88	70	pc	82	69	pc
Burlington	81	59	pc	80	61	pc
Charlotte	90	71	t	89	70	t
Chicago	78	62	s	80	61	pc
Cleveland	72	56	pc	76	60	pc
Dallas	94	78	s	98	79	pc
Denver	88	60	pc	92	64	c
Detroit	75	59	s	76	60	s
Honolulu	89	76	sh	90	77	pc
Houston	96	75	pc	94	75	pc
Indianapolis	75	57	pc	78	60	s
Kansas City	77	63	c	82	68	pc
Las Vegas	105	77	s	101	75	s
Little Rock	84	64	pc	86	68	s
Los Angeles	79	62	pc	77	59	pc
Miami	91	80	t	91	79	t
Milwaukee	77	61	s	76	61	pc
Minneapolis	74	63	sh	76	65	pc
Nashville	86	66	pc	87	66	pc
New Orleans	94	76	s	93	75	s
New York City	86	70	pc	82	69	s
Oklahoma City	81	69	t	91	75	pc
Omaha	79	63	c	85	67	pc
Orlando	91	77	t	89	73	t
Philadelphia	87	72	pc	84	71	pc
Phoenix	110	83	pc	108	83	s
Pittsburgh	78	57	s	81	59	pc
Portland, Maine	87	65	pc	83	62	s
Portland, Ore.	83	61	s	73	55	sh
Sacramento	79	58	s	87	60	s
St. Louis	78	61	pc	82	65	s
Salt Lake City	99	77	s	97	72	s
San Francisco	67	56	pc	71	56	pc
Santa Fe	92	58	pc	92	59	pc
Seattle	80	60	s	70	55	sh
Sioux Falls	79	61	r	86	66	s
Wash., D.C.	86	73	pc	85	73	t

International

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	79	59	pc	83	64	s
Athens	91	74	s	89	74	s
Baghdad	110	84	pc	113	86	pc
Bangkok	89	79	t	88	78	t
Beijing	91	74	t	90	72	sh
Berlin	79	58	pc	83	63	s
Brussels	83	61	s	89	66	pc
Buenos Aires	76	58	pc	60	49	c
Dubai	105	91	pc	109	92	pc
Dublin	69	54	r	70	59	pc
Edinburgh	67	54	pc	71	56	pc
Frankfurt	85	57	s	87	64	pc
Geneva	76	55	s	82	60	s
Havana	87	74	t	90	74	pc
Hong Kong	86	81	r	89	81	t
Istanbul	87	74	s	88	75	s
Jakarta	93	78	pc	93	76	t
Jerusalem	83	66	s	84	67	s
Johannesburg	69	42	pc	67	41	s
London	78	63	pc	83	61	pc
Madrid	98	69	s	101	71	s
Manila	90	80	t	90	79	t
Melbourne	51	42	pc	55	41	sh
Mexico City	76	56	t	77	55	pc
Milan	82	60	s	87	64	pc
Moscow	78	59	pc	79	58	pc
Mumbai	85	80	r	84	80	r
Paris	87	62	s	93	66	s
Rio de Janeiro	75	63	s	77	63	s
Riyadh	112	83	pc	110	83	pc
Rome	84	65	t	86	67	pc
San Juan	89	78	pc	89	78	pc
Seoul	82	75	r	79	73	r
Shanghai	90	82	c	95	83	c
Singapore	88	81	c	89	80	pc
Sydney	63	42	s	60	48	pc
Taipei City	93	79	t	96	80	pc
Tokyo	88	77	pc	88	77	s
Toronto	75	54	pc	77	61	s
Vancouver	75	58	s	70	55	pc
Warsaw	74	57	c	81	63	t
Zurich	75	50	s	79	56	pc

The WSJ Daily Crossword | Edited by Mike Shenk



CEL MATES | By Gary Larson

Across

1 Kiss wrapping
5 Hypochondriac's bookmark, perhaps
10 TV ad
14 Elsa's sister
15 Holder of the heavens
16 "In ___ dreams!"
17 Surprised reaction from Bullwinkle's bud?
19 Pacers coach McMillan
20 Almost half a million Cornhuskers
21 Capital of Ghana
22 Doomed soul
24 Photo of Dale's furry friend?
26 "The Fifth Element" director Besson
27 Substance with base pairs
30 "Life of Pi" director Lee
31 Change for a five
33 Syr. neighbor
35 Reproach harshly
40 Microsoft laptop for Itchy's archenemy?
43 Parlor furniture
44 Sister of Helios
45 Guaranteed
46 Ed. supporter
48 Upsilon follower
50 "Automatic for the People" band
51 Low marks for Minnie's love interest?
56 Sophisticated style
58 Unaffiliated, briefly
59 Illegal act
62 Weathers on-screen
63 Curse from the Brain's not-so-brainy pal?
66 In the near future
67 Vacuum tube filler
68 Shirley's 1963 role that earned her an Oscar nomination
69 Skirt lines
70 Mower maker
71 Salon sound

Down

1 Significantly
2 Artists Against Fracking co-founder
3 Acting jointly
4 "Bell Song" opera
5 Laundry
6 Jazz diva Jones
7 Couleur du lait
8 Mason in movies
9 It ends in early Nov.
10 Coordinates, as a smartphone
11 Lure away, as a rival's employees
12 Musical close
13 Take care of
18 Stick figure?
21 Virginia for whom an infant test is named
22 Lips application
23 Prevention measure
25 Sudden surge
28 Subtle distinction
29 Volcanic powder
32 Was in session
34 White alternative
36 Uncertainties
37 Oscar winner for "Marriage Story"
38 Plot units
39 Is abundant
41 Home on the range
42 Conciliatory gesture
47 Look up to
49 Boardwalk cupfuls
51 Old Testament book
52 Fatuous
53 Storage medium
54 Firing places
55 Scorch
57 Narnia's creator
60 Toffee-and-chocolate bar
61 Force unit
63 Walk softly
64 Provence pal
65 Drake's field

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution

P	A	L				G	A	L		T	I	B	E	T
A	M	O	S		A	R	I	A		E	M	O	J	I
R	E	S	T	O	R	E	R	S		S	P	R	E	E
E	X	T	O	R	T		C	H	A	T		O	C	D
			C	A	G	I	E	R		S	C	E	N	T
M	E	A	T		C	L	A	W	S	A	T			
I	M	U	S		L	I	F	E		S	A	T	O	N
S	I	S		B	E	D	T	I	M	E		A	D	O
C	R	E	D	O		E	C	R	U		P	R	I	M
			D	O	O	D	A	D	S		A	O	N	E
	L	O	T	T	O		R	O	C	K	E	T		
S	I	P		C	H	A	R		L	O	L	C	A	T
P	L	A	Y	A		F	I	R	E	P	L	A	C	E
C	A	R	O	M		R	E	A	D		A	R	A	T
A	C	T	U	P		O	R	E				D	I	E

OPINION

The Tesla Secret

BUSINESS WORLD
By Holman W. Jenkins, Jr.

Wall Street is narrowly focused on Tesla's stock price, the press on a brainless debate about whether electric cars are good or very, very good. But try listening to Elon Musk.

Last quarter the company lost $100 million on electric cars and reported a profit thanks to $400 million in mandated government gifts from other car makers who get their profits from trucks and SUVs. Mr. Musk has stridently complained about regulators encouraging others to build their own electric cars rather than buy fuel-economy credits from Tesla. He urged Detroit to farm out its production of compliance vehicles to Tesla. He renewed the proposal again this week. Essentially, he wants Tesla to help itself to a big share of the profits these companies are obliged, under green mandates, to shift to EVs.

I know certain readers don't want an analysis, only a thumbs-up or thumbs-down on Tesla. This column has long said it's great that people voluntarily want to make and buy electric vehicles. It's the policy environment, to borrow a phrase, that has entered ludicrous mode.

Let's understand: If a market opportunity exists for electric vehicles, it hardly requires an existing car maker to exploit it—Tesla has proved that.

If a public good is served by promoting electric cars, GM or other existing auto companies hardly need to make them, any more than Exxon needs to make windmills and solar panels. This is just a dumb category error, like saying a maker of arms for chairs must make arms for the military.

Unfortunately policy salesmanship often operates on such dumb errors. You need a story that can be told to an idiot (the public) as well as a bunch of special interests eager to be greased. And we live in a time of emboldened, self-confident stupidity. The press swooned at President Obama's vaporware target of 54.5 miles a gallon. The fairy tale was treated as the real thing while ignored as too wonky to report was the actual practical, calculated effect: freeing Detroit to make big pickups and SUVs under fuel-economy rules in return for producing token numbers of money-losing EVs to be exploited for presidential photo-ops.

Until the media starts doing its job, this slide toward policy idiocy will only accelerate. Such government interventions always tend to cartelize the industry they take aim at. That's the drift here. Mandates that result in electric vehicles being dumped on the market are a deterrent to new EV entrants. Tesla wants to shelter behind these barriers too, though you would never get Mr. Musk to admit it.

Not that these arrangements are ever likely to prove stable. In Europe, the scheme already is unraveling as the previous diesel fetish did. Governments are pumping out desperate amounts of money to make electric vehicles free to some buyers in hopes of relieving their auto companies of enormous fines they will soon face for missing government-imposed EV targets.

Why don't Wall Street and the press talk about how the EV business really works?

This silliness has nothing to with climate gains and everything to do with politicians trying to stop their deranged artifices from blowing up on their companies and auto workers. Only two developments in history have made a discretely detectable impact on global emissions: the invention of fracking and the collapse of Soviet heavy industry. Both imparted a one-time boost to the steady, consistent decline in global GDP energy intensity as manufacturing has given way to service-based and then digitally based economies.

Even greens now admit as much: These trends, unless interrupted by terrible policy mistakes, virtually guarantee that emissions over the next century will fall far short of the worst-case scenario (known as RCP 8.5).

In the meantime, we lie to ourselves histrionically that electric cars will have any impact at all. Take the big electric SUVs now flooding the market because, with their high price points, manufacturers hope to recoup more of their losses. These vehicles are actually worse for the environment, so energy-intensive is production of their large batteries.

So what about Tesla's stock price? The company is plainly valued as if tomorrow's expected profits won't be coming from the car business but from some Musk magic yet to be revealed. And that's fine. Investors are entitled to bet, God bless them, that Mr. Musk is creating the next Apple, not the next GM.

This column supported Mr. Musk in his battle with the SEC. It urged him to raise capital in the middle of the fight to show he still had investor support. Let technology and consumer tastes, rather than regulatory actions, determine the outcome.

But a bizarre sidelight is that Tesla's market capitalization is now greater than GM, Ford, Daimler, VW and Fiat Chrysler's combined. Tesla is worth more than most of the industry that it relies on for the subsidies that are the only reason it was able to report three consecutive quarters of profit.

Test Every American for Covid-19

POLITICS & IDEAS
By William A. Galston

When the history of the Covid-19 pandemic is written, the past week may be recorded as the moment the depth of the crisis became undeniable. "Unlike many countries in the world, the United States is not currently on course to get control of this epidemic," said a July 29 Johns Hopkins University report. "It is time to reset." Another report, from the Association of American Medical Colleges, declared that "If the nation does not change course—and soon—deaths in the United States could be well into the multiple hundreds of thousands."

Deborah Birx, the Trump administration's coronavirus coordinator, has gotten the message. The nation has entered a "new phase," Dr. Birx said on Sunday. "What we are seeing today is different from March and April—it is extraordinarily widespread."

The American people have reached the same conclusion. In an NPR/Ipsos poll released on Tuesday, two-thirds of respondents said that the United States was responding worse to Covid-19 than other countries. More than 8 in 10 supported aggressive new measures by the federal government, including expanded testing.

In March, President Trump rightly labeled the fight against the pandemic a "war." But we are losing this war. By one estimate, more than 400,000 Americans are infected each day. Only about 60,000 are detected through tests. Many of the rest are asymptomatic and can infect others, risking an exponential spread of the disease. After falling in the late spring, the daily death toll is rising again.

We have relied on poorly coordinated efforts among 50 states and thousands of local jurisdictions to solve a national problem. No one is ensuring the nationwide availability of testing supplies. Many states lack adequate testing capacity, resulting in delays that render the results useless. Outbreaks in each state have been traced to other states, distant and contiguous. The virus does not respect borders.

To win this war, it must be fought the way the U.S. has fought other wars—as a united nation. The president must lead the fight, and every battle starts with a plan. Here is the best plan I have heard so far, from scientists and business leaders brought together by No Labels, a bipartisan organization that I helped found.

The national goal should be testing every American once a week for four weeks. Those who test positive should quarantine for 10 to 14 days until they are no longer infectious. Americans and others arriving from abroad should be required to submit to the same testing and quarantine. Those who test negative could return to work, send children back to school, eat at restaurants, and attend events. They could do so with the confidence that everyone else at these places had tested negative. By the fall we could be on our way to snuffing out the pandemic in the U.S., saving lives and reopening the economy and society.

There's a model for this idea. In March, the Broad Institute of Harvard and MIT converted its lab into a Covid-19 testing facility that can perform 700,000 tests a week and in theory could do five times as many using pooled testing. This facility uses off-the-shelf, interchangeable instruments and supplies. It has a 15-hour turnaround time from receipt of a sample to notification of results, at a cost of $20 to $30 a test. It was converted from an existing lab in two weeks.

The U.S. needs to be on war footing. Some 500 labs could switch to running swabs.

To reach scale, we would need to convert between 100 and 500 existing university or pharmaceutical-company labs to testing facilities. Each would require approximately 10,000 square feet of lab space, $10 million in equipment, and 200 employees working in shifts.

The testing strategy would begin with a shallow nasal swab that, unlike the much-feared deep nasal swab, is painless and easy to administer. It would be conducted in a nationwide network, including pharmacies, other retailers and doctor's offices. After the swabs are placed in bar-coded tubes, their shipment to testing centers would be coordinated by the National Guard in partnership with private airlines and shipping companies. After tests are completed, results would be sent in coded form, electronically whenever possible, to the individuals tested.

The cost of this unprecedented effort is difficult to estimate, but some line items are clear. Setting up the centers would cost between $1 billion and $5 billion. Each of the four rounds of weekly tests would cost an additional $6 billion to $9 billion. Transport costs would be negotiated with private shipping companies, with an additional allocation for the Defense Department. Some provision for information systems would be needed as well.

Only Washington can provide the funding, leadership, coordination and legal architecture this plan would require. It would call on America to summon the spirit we displayed at the outset of World War II. The alternative is waiting for a safe and effective vaccine to become widely available in the U.S. Meanwhile, social life will be disrupted, many schools won't reopen, and the economy will be hobbled. A national war against this insidious disease is the better course.

The Ex-King of Spain Hops a Plane

By Tunku Varadarajan

Spain has given us theater this week from the pages of kings past. Its high-spirited former monarch, Juan Carlos, stated on Monday in a letter to his son, King Felipe VI, that he was going into exile "outside Spain." He is now in the Dominican Republic as the guest of a pal with a vast loaner villa.

Unlike the last instance of a monarch decamping from his own kingdom—Shah Mohammad Reza Pahlavi's flight out of Iran in 1979—the departure of Juan Carlos, 82, is voluntary. That doesn't mean it isn't a form of self-preservation. The shah would have been put to death by his opponents had he stuck around, a prospect that Juan Carlos didn't confront. Yet he faces a possible prosecution for corruption, including the alleged receipt of a $100 million "commission" from the Saudis for facilitating a high-speed rail link to Mecca.

These are allegations for which Juan Carlos hasn't been charged, and which came to light in a secretly recorded conversation, subsequently leaked, between a former police commissioner who is the target of multiple corruption investigations and a former mistress of Juan Carlos. It was she, a European businesswoman who is alleged to have received $65 million as a "gift" from the former monarch, who alluded to the Saudi money. Under Spanish law, Juan Carlos enjoys immunity from prosecution for any actions undertaken while sovereign.

Juan Carlos has decamped for the Dominican Republic.

A cloud of venality has hung over Juan Carlos for the past decade, leading to his abdication in 2014. Felipe VI, his son and successor, enjoys a reputation for uprightness. He's also the first college-educated monarch in Spain's history and the first to marry a commoner, all of which make him a kind of cleansing agent that has brought luster back to a tarnished throne. He has cut off his father's stipend and renounced all claim to any (potentially tainted) inheritance he might receive from Juan Carlos.

Historians acknowledge Juan Carlos's cardinal role in the revival and consolidation of democracy in Spain after the death of Gen. Francisco Franco in 1975. When a seemingly deranged colonel from the Civil Guard erupted into Parliament in 1981, firing his pistol in the air and declaring a coup, Juan Carlos stood firm and refused to bow to his demands.

Having saved Spain's democracy nearly 40 years ago, some say the former king is now acting to save its monarchy. In distancing himself from his son—literally, by thousands of miles—he hopes to draw fire away from an institution that has come under republican siege.

The present Spanish government, led by Socialists who tolerate but do not love the crown, is a coalition that contains far-left anti-monarchists and communists. The latter cohort would like nothing better than to bring Juan Carlos back to Spain, try him, and use a possible conviction to do away with the monarchy.

Juan Carlos has said he's willing to respond to any request from prosecutors. But the extradition treaty between Spain and the Dominican Republican has a large enough loophole to frustrate any Spanish attempt to extradite the former king. Few in Spain are betting on his ever returning from exile.

Mr. Varadarajan is executive editor at the Hoover Institution and a former Madrid bureau chief for the Times of London.

BOOKSHELF | By Barton Swaim

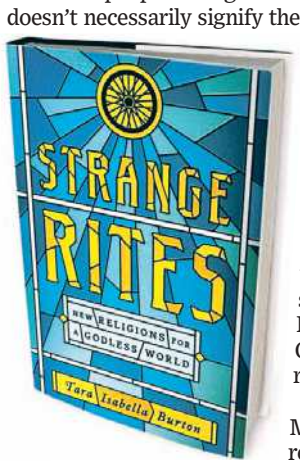
The Freedom To Mix and Match

Strange Rites

By Tara Isabella Burton
(PublicAffairs, 301 pages, $28)

In September 2001 Jerry Falwell Sr., the onetime provocateur of the religious right, infamously blamed the 9/11 attacks on "the pagans, and the abortionists, and the feminists, and the gays and lesbians" who tried to "secularize America." The atheist intellectual Sam Harris, similarly, predicted in 2006 that "at some point . . . it's just going to be too embarrassing to believe in God." Falwell and Mr. Harris would agree on little, Tara Isabella Burton observes in "Strange Rites: New Religions for a Godless World," but about one thing they were in accord: "The country we're living in now—as opposed to the America of sixty or a hundred or three hundred years ago—is secular, and only getting more so."

Is America secularizing, as has routinely been supposed for 30 or 40 years? It depends on how you define religion, but probably not. There are fewer self-identifying Christians today than in 1960, to be sure, but the much-talked-about rise of the "nones"—people listing no religious affiliation in surveys—doesn't necessarily signify the growth of plain unbelief and atheism. Many of the nones, Ms. Burton points out, say they pray regularly and think "spiritual energy" resides in physical objects. They also believe that God, however they may define the word, protects, rewards and punishes them. Nor are the formally religious too principled to embrace the smorgasbord approach to faith: Nearly a third of self-identifying Christians say they believe in reincarnation.



At least half of all Americans, Ms. Burton explains, belong to no religious tradition but borrow freely from several. The Religiously Remixed, as she calls them, "want to choose—and, more often than not, *purchase*—the spiritual path that feels more authentic, more meaningful, to them. They prioritize intuitional spirituality over institutional religion. And they want, when available institutional options fail to suit their needs, the freedom to mix and match, to create their own daily rituals and practices and belief systems."

"Strange Rites" is a bracing tour through the myriad forms of bespoke spiritualism and makeshift quasireligions springing up across America: the ersatz piety and self-veneration of "wellness culture"; the startlingly earnest and deeply strange world of Harry Potter fan fiction; the newer, woker forms of sexual utopia, witchcraft and satanism that are now prevalent among the affluent young.

The book, despite its occasionally lurid material, is easy to enjoy. Ms. Burton writes fluently, doesn't take herself too seriously as an authority, and keeps her own political and metaphysical views mostly to herself. She is right to observe that the current craze for customized spirituality is part of a dramatic shift in American religion from the "institutional" to the "intuitional." I would only add that midcentury mainline Protestantism, which she takes to represent consolidated, institutionalized Christianity, was quite as syncretistic as today's Prosperity Gospel Megachurch or neopagan cult, only instead of borrowing from Zen Buddhism and 12-step philosophy and cognitive-behavior therapy, yesterday's mainline Protestants mixed in bits of Emerson, Hegel, Marx and Jung.

One complaint, which perhaps you would expect a reviewer in this newspaper to raise, has to do with the author's use of the word "capitalism." Ms. Burton is one of a number of young, hyperintelligent Catholic, Orthodox and Anglo-Catholic writers who take traditionalist religious practices seriously but also espouse left-wing views in the economic sphere. Accordingly she finds ample evidence of companies and corporations trying to make a buck by promoting the bizarro cults and

At least half of all Americans belong to no religious tradition but borrow from several. What happened to 'secularization'?

ersatz copies of authentic religious traditions—SoulCycle, for example, an exercise regimen that has all the trappings of an ascetic religion but for an exclusively upper-class clientele; or Ritual Design Lab, which advises clients on designing their own "custom, nontheistic ritual." "Consumer-capitalist culture," Ms. Burton writes, "offers us not merely necessities but identities. Meaning, purpose, community, and ritual can all—separately or together—be purchased on Amazon Prime."

The charge that "capitalism" encourages the kind of soullessness and hedonism that its supposedly conservative defenders abhor is an old and not unreasonable one. It is made cogently by Daniel Bell in "The Cultural Contradictions of Capitalism" (1976) and in the essays of the Southern Agrarians. The charge is increasingly popular among young progressives—of whom I think it's safe to say Ms. Burton is one—who despite their leftist inclinations long for the stability and ancient beauty of a religious tradition. I don't purport to end the debate here, but it cannot be stated too often that markets mainly respond to demands *that are already there*. It's not the market response but the thing responded to that ought to incite the ire of these high-minded Christian progressives. The religious traditionalist who laments the fact that Urban Outfitters sells Wiccan paraphernalia, to use an example Ms. Burton mentions in this context, would be better advised to contemplate the failure of traditional religious outlooks to hold the interest of the younger generation than to bemoan "consumer capitalism" for advancing godlessness.

Ms. Burton brings "Strange Rites" to a disappointing end. She posits an apocalyptic struggle among three godless religions: the eschatological ideology of social-justice activism, the transhumanist vision of techno-utopianism and the atavistic nihilism of the alt-right. I credit Ms. Burton for categorizing social-justice leftism, with whose economic objectives she is presumably most in sympathy, as a well-intentioned but basically anti-Christian ideology. (All the same, I wonder why she says nothing about either radical environmentalism, an atavistic religion if ever there was one, and almost nothing about radical Islam, whose adherents actually do aim for domination.)

"Only time will tell which one will win," Ms. Burton concludes. Really? The alt-right is a movement of mentally pubescent boys playing anonymous games on social media. Techno-utopianism is the vanity project of Bay Area dreamers with too much time and money and too little sense. The soft-totalitarian outlook of social-justice activism, by contrast, is the default ideology of our university, media, corporate, transnational, entertainment and political elite. I'm pretty sure I know which one will win.

Mr. Swaim is an editorial-page writer for the Journal.

OPINION

REVIEW & OUTLOOK

The Geopolitics of TikTok

It's not news that President Trump treats trade and diplomacy like real-estate transactions. And his demand Monday that Chinese social-media company ByteDance pay the U.S. Treasury "key money" for approving TikTok's potential sale to Microsoft is another example of how his transactional politics can undermine his own Administration's strategic imperatives.

A Microsoft deal makes sense, but Trump's finder's fee is wrong.

TikTok is valuable real estate due to its growing influence in the U.S. and abroad, ranking as the seventh most popular social-media app worldwide. The app has soared in popularity among the younger crowd by letting users create short videos they can share with friends. The problem is that ByteDance is a Chinese company, and that means it must answer to the ruling Communist Party.

Last year TikTok was accused of censoring videos of Hong Kong protests. ByteDance denied this and said protest videos didn't appear in users' feeds because they weren't popular with users. This seems dubious, and in September the Guardian reported on internal ByteDance documents directing content moderators to censor videos mentioning Tiananmen Square, Tibet and Falun Gong.

ByteDance also restricted "demonisation or distortion of local or other countries' history such as May 1998 riots of Indonesia, Cambodian genocide, Tiananmen Square incidents" and "highly controversial topics, such as separatism, religion sects conflicts, conflicts between ethnic groups, for instance exaggerating the Islamic sects conflicts, inciting the independence of Northern Ireland, Republic of Chechnya, Tibet and Taiwan and exaggerating the ethnic conflict between black and white."

The censorship also raises legitimate concerns about the Communist government's access to TikTok users' data. As Americans learned amid the Facebook flap over Cambridge Analytica, apps can obtain copious information about users and their contacts stored on smartphones. It's not unreasonable to think ByteDance and the Communist government could exploit this to conduct cyber-espionage.

In recent years, the U.S. has traced security breaches at Marriott, Equifax and the Office of Personnel Management to Chinese military and state intelligence. This is why the Committee on Foreign Investment in the United States (Cfius) last year required Chinese owners to sell their ownership of the dating app Grindr.

Now the Trump Administration is doing the same for ByteDance, which created TikTok from the video app Musical.ly that it purchased three years ago. ByteDance used Musical.ly to enter the U.S. social-media market without Cfius clearance. As a result, Cfius now has the authority to compel TikTok's divestment or block the app.

Mr. Trump has threatened a ban, but that would weaken competition in social media and do nothing to limit Chinese big-footing abroad. The better solution is a TikTok sale to Microsoft, which would also limit the Communist government's influence in TikTok's other markets such as Australia, Canada and New Zealand.

Yet Mr. Trump jeopardized the sale on Monday by demanding that ByteDance pay the U.S. government a finder's fee for "making it possible for this deal to happen." As a legal matter, Mr. Trump lacks the authority to demand a cut of the transaction. On property rights, he's setting a bad precedent that the left will imitate in the future. And as a strategic matter, he is undercutting America's moral and political currency vis-a-vis China.

U.S. businesses have long complained that Chinese officials demand they hand over technology to joint-venture partners to access China's markets. Perhaps the biggest victory from the President's trade agreement with China is that it prohibits such extortion.

But now hawks in China are citing Mr. Trump's statements to assert that America's national-security policies are motivated by mercantilism. The China Daily newspaper, a Communist Party mouthpiece, ran an editorial Tuesday denouncing U.S. "theft" and "bullying," and said the government had "plenty of ways to respond if the [Trump] administration carries out its planned smash and grab."

Chinese claims of moral equivalency are false. The Trump Administration is threatening to block TikTok for national-security reasons while Beijing has long blocked U.S. platforms including Twitter, Facebook and Google that don't bow to its censorship.

But Mr. Trump's bluster about a finder's fee sends the wrong message about America's rule of law and its openness to foreign investment. One risk now is that ByteDance will come under pressure from Chinese nationalists to scrap a Microsoft deal. This would hurt American users, big-tech competition and U.S. interests abroad.

Mr. Trump no doubt thinks he's being a shrewd deal-maker, but a key rule of negotiation is don't give the other guy an excuse to pull out.

Lawless Again in Seattle

Can police keep citizens safe from lawless mobs if they have to worry about being safe in their own homes? That's the question this week in Seattle, after a group of what Police Chief Carmen Best characterized as "aggressive protesters" targeted her home in Snohomish County Saturday night.

'Aggressive' protesters target the police chief's home at night.

In a letter to the City Council, Chief Best says her neighbors kept the protesters from trespassing on or engaging in other illegal behavior "despite repeated attempts to do so." She urged the council to "stand up" and denounce the behavior before "this devolves into the new way of doing business by mob rule."

The chief is right. A big reason demonstrations have turned illegal and violent in so many U.S. cities is because progressive mayors and city councils have looked the other way or egged them on. Seattle Mayor Jenny Durkan cheered on demonstrations for weeks and called a police no-go zone "a summer of love." But on June 28 protesters marched on her home. Two days later the mayor issued an executive order to clear up the occupied zone, and the next morning it was carried out.

Chief Best has been a rare voice of common sense in Seattle, making clear that she disagreed with the city's decision to surrender a police precinct to occupiers. In July she told the City Council its bans on tools such as pepper spray left police with few non-lethal options beyond riot shields and batons.

Chief Best says she worries what will happen if the City Council and others in responsibility don't denounce what happened outside her home on Saturday night. Even Mayor Durkan said Seattle must distinguish between upholding people's First Amendment right to "peacefully demonstrate" and turning a blind eye to those who "put families and children at risk." After this brazen attempt to bully its police chief, now would be a good time for Seattle to start.

Mike O'Rielly's Free Speech Fall

Michael O'Rielly has done yeoman work as a member of the Federal Communications Commission, but this week the White House abruptly pulled his renomination for another five-year term. The decision speaks better of Mr. O'Rielly than of the President.

The FCC deregulator runs afoul of the new regulators on the right.

The Monday announcement gave no reason for dumping Mr. O'Rielly, who has served on the commission since 2013. Mr. O'Rielly's renomination passed out of committee with bipartisan support, though Senator James Inhofe had put a hold on his nomination to take a hostage in a fight between the FCC and the Pentagon.

But our reporting suggests that Mr. O'Rielly was scuttled for remarks about regulating speech. In vogue on the right and left is rewriting Section 230 of the Communications Decency Act of 1996, which empowers social-media companies to scrub objectionable content and shields them from liability for what users say on their platforms.

President Trump and allies are eager to rewrite this standard to punish online platforms that have applied selective treatment to mainstream political views. The White House earlier this year issued an executive order on "Preventing Online Censorship" that, among other things, calls for the Commerce Secretary to petition the FCC to regulate.

Mr. O'Rielly said in a June C-SPAN interview that he was talking to experts but had "deep reservations" that Congress intended the FCC to have such authority. This modesty is unusual for a regulator, and conservatives are supposed to respect the limits of the law.

In July 29 remarks to the Media Institute, Mr. O'Rielly pressed a broader First Amendment case. He stipulated that the White House is within its rights "to call for the review of any federal statute's application." But he said he was troubled by "certain opportunists elsewhere who claim to be the First Amendment's biggest heroes but only come to its defense when convenient and constantly shift its meaning to fit their current political objectives."

Then: "The First Amendment protects us from limits on speech imposed by the government—not private actors—and we should all reject demands, in the name of the First Amendment, for private actors to curate or publish speech in a certain way. Like it or not, the First Amendment's protections apply to corporate entities, especially when they engage in editorial decision making."

In saner times few on the right would dispute these points, but Mr. O'Rielly will now be out of his job in 2021 when his voice would be valuable at a Biden FCC. This is regrettable because he has been a champion of innovation and deregulation, especially in areas without glamor such as misuse of 911 fees or anachronistic rules on children's programming. The episode is a warning that the left isn't the only movement that demands ideological conformity.

LETTERS TO THE EDITOR

Covid, Teachers Unions and Homeschooling

In "The Virus May Strike Teachers Unions" (op-ed, July 30), David R. Henderson tells us: "Get ready. A school renaissance is coming." I agree and I think that Republicans have a golden opportunity here to make school choice a reality.

School choice should be a major plank of President Trump's re-election campaign. He could offer to make federal school vouchers available on-demand to the parents of students trapped in failing schools. Since this would require congressional approval, he could use the issue to federalize Senate and House races in the same way that Newt Gingrich's "Contract with America" did in 1994. The president could ask Republican candidates to sign on to the proposal and list the names of the targeted schools so that voters know how their children will be affected.

Politically, this could help peel black and Latino voters away from the Democratic Party by providing their children with a path to the American dream. After 50 years of unfulfilled promises by the Democrats who run their school systems, I believe that they will be receptive to such a proposal. As Mr. Trump is fond of saying, what have they got to lose?

I am confident that vouchers will improve all schools, public and private, by stoking competition. Eventually, it might be expanded to all K-12 students in the U.S. as the demand for choice grows. Ideally, this should be done at the state level, but that ship has already sailed. Since the federal government spends about $79 billion a year on primary and secondary schools, we might as well get some bang for our buck.

These vouchers would establish a new principle in the provision of social services by government. Let government provide the funding, but let the people—individually, not collectively—make the choices. Imagine how that principle could be applied to health care.

Bob Jamieson
Indianapolis

As a former educator, I draw different conclusions than Mr. Henderson's from the school closures this spring. If anything, they gave parents a renewed appreciation of the work teachers do. Suddenly, parents had to motivate and discipline their own children and realized it isn't so easy to hold their attention and engage them in quality work.

Teachers are understandably concerned about their risk of contracting Covid-19. More than one-quarter of all teachers are 50 or older, and even young, healthy teachers live in families and don't wish to bring the virus home to their loved ones.

What happens if a school has a Covid-19 outbreak? Will it close again? In whole or in part? For how long? Will there be contact tracing? Temperature checks? What will the disciplinary consequences be for a child who refuses to wear a mask? How will teachers prevent children from socializing too close to their peers?

If parents eschew public schools in favor of homeschooling, who will do the teaching? Will the "learning pods" pay wages and health insurance for these teachers? What about the many unemployed parents? How will they pay teachers? Will they even be invited to join? If the parent is teaching, she probably won't be working, causing more (let's face it) women to leave the workforce. And what about single parents?

Until we address these questions, U.S. education cannot recover successfully.

Sara Stevenson
Austin, Texas

Many of the benefits Mr. Henderson sees emerging in the form of parental choice will accrue disproportionately to the middle and upper classes and the children of parents who already have college educations. Meanwhile, the achievement gap will be exacerbated for the children of the working poor.

Home schooling and parental supervision of online instruction are facilitated by parents being at home during this crisis. Parents in these categories tend to be highly educated, with the privilege to work remotely. Learning pods, also mentioned in Mr. Henderson's article, are a luxury that only the wealthy can afford. If Americans are to mend our broken social fabric, we need to find an education solution that can involve everyone. Otherwise, the siren song of democratic socialism will only grow in appeal for those left behind during this pandemic.

Kurt Hofer, Ph.D.
Los Angeles

Europeans Are Right to Worry About the U.S.

Daniel Schwammenthal's "To America, From a Worried European Friend" (op-ed, July 29) expresses so very precisely not only the concern but the anguish that I and so many of my acquaintances feel for our country. We are at the point of despair as it appears that neither the positions nor the candidates of America's two major political parties grasp the importance of cultivating respect for the Declaration of Independence and the Constitution and the system of laws, liberties, rights and obligations that flow from these documents. Yes, the Founding Fathers had flaws and racism persists. The answer, however, isn't to deny progress toward those ideals and postulate an inherently rotten society, which erases the positive contributions of imperfect individuals.

Joanne F. Loomba
Cupertino, Calif.

Mr. Schwammenthal writes that, despite America's continuing greatness, "Americans are committing mass character suicide" by convincing themselves that the country is "inherently and irredeemably racist." Traditionally, he writes, "A shared loyalty to the Declaration of Independence and the Constitution allows Americans to see each other not as strangers but as fellow citizens." The implicit problem is that Americans are forgetting our shared history that tells us who we are and gives us the sure and certain hope that the country will continue to progress toward that more perfect union. To some, that hope may be the apple dangling on a string in front of a hapless donkey. Perhaps. But if that hope keeps us moving us forward together, the future of America will always be brighter.

Henry Scott
Potomac, Md.

Mr. Schwammenthal is right to draw attention to the rise of illiberal attitudes and ideological dogmas on all sides. There was a certain flexibility in the making of the American republic, including checks and balances and divided sovereignties to forestall any reversion to political tyranny. But Mr. Schwammenthal's cautionary essay is diluted by sweeping statements about concepts like postmodernism, or even by assuming that a republic is an unquestionable good. Postmodernity, like modernity, is an outcome of complex social forces that lead to a different, even radical, worldview. And a republic is an experiment in government that was resurrected in 1776 from the ashes of ancient Rome to address the needs of modern people. One can be excused for wondering whether a correction to this system may be in the offing. If anything, history teaches us that nothing is forever.

Anouar Majid
Portland, Maine

The GOP Should Let States Decide the Use of Aid Money

Regarding Kimberley A. Strassel's "The GOP's 'D'oh!' Moment" (Potomac Watch, July 31): I suggest a compromise: Take the money that the Democrats want to use for unemployment benefits and block-grant it to the States based on population. Let the states decide whether to use it for unemployment benefits or some other purpose, such as to backstop their budgets. My suspicion is that no state would elect to pay the unemployed more than what they'd earn if they worked.

David Peterson
Orlando, Fla.

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THE WALL STREET JOURNAL

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OPINION

The Hidden Danger of Masks

By Allysia Finley

Face masks have become a cultural symbol. To resist them "is nothing more than selfish, libertarian nonsense masquerading as a comic-book defense of freedom," Thomas Friedman of the New York Times proclaims. Yet the science is far less certain than the moralism.

The question of how well masks prevent transmission and infection requires far more study. The decision to wear a mask would seem to be cost-free, apart from minor discomfort. But absolutism about masks and disregard for scientific uncertainties may promote a false sense of security that encourages risky behavior—including massive political protests.

Dr. Birx noted in April that they can promote a false sense of security. Protests bear that out.

In February, the Centers for Disease Control and Prevention recommended against wearing face masks and instead urged Americans to "take everyday preventive actions" like staying home when sick and washing hands. These recommendations were guided by the government's desire to conserve medical masks for health-care workers.

The CDC changed its recommendation in April based on lab tests showing that cloth masks reduce the distance that large respiratory droplets travel after a cough. Like the flu, Covid-19 is believed to be transmitted mainly through these large droplets.

Media figures and public-health officials have also observed that countries where face-mask use is more prevalent have lower infections. In June, the New York Times ran a story with the headline "Is the Secret to Japan's Virus Success Right in Front of Its Face?" Its answer: Yes. But this piece drew conclusions based on mere correlations. According to a YouGov survey in late June, face-mask use was higher in the U.S. (59%) than in countries with fewer infections, including Taiwan (57%), France (54%), Canada (35%), Netherlands (9%) and Denmark (2%). And Japan (77%) and Hong Kong (83%) have experienced recent infection spikes.

A study in the Journal of the American Medical Association this month reported that a universal mask policy for health-care workers and patients at the Mass General Brigham hospital system reduced Covid-19 infections. The positive test rate among health-care workers peaked at 21.32% in March, declined to 14.65% after masks were mandated for workers, and dropped further, to 11.46%, in late April after the mask mandate extended to patients.

But these numbers roughly track the overall positive test rate in the state. The study notes that the improvements "could be confounded by other interventions inside and outside of the health care system, such as restrictions on elective procedures, social distancing measures, and increased masking in public spaces, which are limitations of this study."

The only way to ascertain the efficacy of face masks in the real world is to do randomized trials. So far there have been only a dozen examining the efficacy of masks in preventing respiratory illnesses, and conclusions have been difficult to draw because of poor compliance by study participants. None of the six trials published over the past decade found that masks alone had a significant effect on the spread of the flu or similar illnesses in health-care workers or the general population.

CAITLIN OCHS/REUTERS

A protest in Portland, Ore., July 31.

The only trial with reusable cloth masks suggested they're ineffective. They could even increase the risk. In the 2015 study, hospital workers in Vietnam who were given cloth masks were 13 times as likely to develop influenza-like illnesses as those given surgical masks. Face masks are speculated to be more useful in preventing Covid-19 because many infected people are asymptomatic. But some three-fourths of flu cases are also asymptomatic, and most people who develop symptoms are infectious for a couple of days first.

A new independent analysis of cloth masks' efficacy on the CDC website notes that the mask in the Vietnam trial was "a locally manufactured, double-layered cotton mask"—similar to what many Americans buy today—and that higher infection rates among wearers "may have been because the masks were not washed frequently enough or because they became moist and contaminated."

"Cloth masks may give users a false sense of protection because of their limited protection against acquiring infection," the researchers write. "Taking a mask off is a high-risk process because pathogens may be present on the outer surface of the mask and may result in self-contamination during removal."

This is an important caveat: Fiddling with masks can be more dangerous than not wearing one at all. The American Academy of Pediatrics recommends that "elementary students should wear face coverings if the risk of touching their mouth or nose is not greater than the benefit of reducing the spread of COVID-19." But the point is lost amid simplistic moralizing about selfish libertarians.

While mask mandates provide a comfort level that is needed to get people back to work and resume economic activity, they may also induce a false sense of security. In early April, as the Trump administration was debating whether to change its guidance on masks, Deborah Birx of the White House virus task force warned that "we don't want people to get an artificial sense of protection because they're behind a mask" or "send a signal that we think a mask is equivalent" to social distancing and good hygiene.

Liberal politicians—who railed against antilockdown protests in the spring—have dismissed concerns that leftist demonstrations could spread infection, because participants are wearing masks. But not all are, and many masks aren't fitted correctly. Protesters probably don't wash them regularly. And masks don't eliminate the risk of contagion when large numbers of people are crowded for long periods while talking loudly and breathing heavily.

Masks have benefits, but moralism can be harmful to public health.

Ms. Finley is a member of the Journal's editorial board.

Obama's Progressive Pivot Is Meant to Push Biden Leftward

UPWARD MOBILITY
By Jason L. Riley

It is often said that the Democratic Party has moved significantly to the left since the end of Barack Obama's presidency, which might explain why Mr. Obama's remarks at John Lewis's funeral service last week sounded like an attempt to stay relevant.

It wasn't long ago that the former president was trying to steer Democrats in a more moderate direction. Back in 2018, amid calls for "sanctuary cities" and the abolition of immigration-enforcement agencies, Mr. Obama insisted that "national borders matter" and that "laws need to be followed." He also urged fellow liberals to cool it with the identity politics. We have to "engage with people not only who look different but who hold different views," he said. "And you can't do this if you just out of hand disregard what your opponents have to say from the start. And you can't do it if you insist that those who aren't like you—because they're white or because they're male—that somehow . . . they lack standing to speak on certain matters."

Alas, we heard a very different Barack Obama last Thursday in Atlanta, where he turned a eulogy for a civil-rights hero into a stump speech and offered his blessing to any number of progressive causes. Among other things, he now wants the Senate to ditch the filibuster—which he supported and employed as a senator—and grant statehood to the District of Columbia and Puerto Rico, two liberal bastions that could be counted on to elect more Democrats.

And then there was Mr. Obama's change of tone on racial controversies. "Bull Connor may be gone, but today we witness with our own eyes police officers kneeling on the necks of black Americans," said Mr. Obama. "We may no longer have to guess the number of jellybeans in a jar in order to cast a ballot. But even as we sit here, there are those in power doing their darnedest to discourage people from voting—by closing polling locations, and targeting minorities and students with restrictive ID laws, and attacking our voting rights with surgical precision."

Mr. Obama was elected president twice in a county where blacks are only about 13% of the population, yet he invokes segregation-era figures like Connor, who was Birmingham, Ala.'s commissioner of public safety, to suggest that little has changed for blacks since the 1960s. Mr. Obama's own accomplishments undermine his rhetoric, as does the fact that in Minneapolis, where George Floyd died in police custody earlier this year, the police chief is black.

The former president has been contradicting himself. He must think radicalism is now a winning strategy.

John McWhorter of Columbia University has documented that white suspects in police custody have died under similar circumstances. Those events don't receive the media attention that Floyd's death garnered because they don't fit the prevailing racial narrative, which Mr. Obama is advancing. But absent any evidence that Floyd was killed because of his race, the responsible course would be to avoid such conjecture. And if Mr. Obama is concerned about the disproportionate number of blacks who die at the hands of law enforcement, he ought to be talking about the disproportionate amount of violent crime committed by blacks, not conjuring the spirit of Jim Crow to score political points.

Mr. Obama's claims that Republicans limit minority voting today "with surgical precision" could also use more scrutiny. The black voter-turnout rate began rising steadily in the 1990s, and in 2012 it exceeded the white rate, even as more states passed voter-ID laws that improve ballot integrity. Moreover, polls show that a majority of blacks support these voting requirements, which suggest that any decline in black voter turnout in 2016 had more to do with the Democratic nominee than with lack of access to the polls. A Census Bureau report on turnout in the 2018 midterm elections showed an increase from 2014 of about 27% among blacks and roughly 50% among Hispanics. If Republicans are trying to suppress the minority vote, their efforts are having the opposite effect.

Whether Mr. Obama believes what he's saying today or what he's said in the past isn't important. Politicians tend to be more interested in winning votes than in facts, logic and consistency. This is an election year, and the most popular Democrat in the country has determined that taking these progressive positions, and doing so in the tones we heard last week, will help his party prevail in November.

Perhaps he's right, but the strategy is not without risks. Joe Biden prevailed in the primaries not because he's an ideologue like Bernie Sanders or a firebrand like Elizabeth Warren. He did so because he's neither and has resisted—with mixed success—efforts to pull him further left. Mr. Obama's new endorsement of progressive brass tacks will please the base, but it also makes it harder for Mr. Biden to appeal to the moderate and independent voters he'll need on Election Day.

Trump and Merkel's Clash Is 30 Years in the Making

By Jeremy Stern

The German press is running heavy with last Wednesday's Pentagon press conference, in which Defense Secretary Mark Esper confirmed the U.S. will withdraw 11,900 troops from Germany. Markus Söder, minister president of the state of Bavaria, called the decision "inexplicable," while Angela Merkel's trans-Atlantic coordinator, Peter Beyer, said it "makes no sense geopolitically for the United States." For its part, Germany's anti-American Left Party welcomed the decision. Its Bundestag leader proclaimed on prime-time television: "I can't get enough of this punishment," referring to Donald Trump's seeming insistence that the move is more retaliatory than strategic.

Strains on the U.S.-German alliance have been attributed to everything from Mr. Trump's bullying and ignorance and Ms. Merkel's excessive circumspection to Vladimir Putin's talent for sowing chaos abroad. But even if all these assumptions are accurate, none are root causes. The trans-Atlantic fissures predate Mr. Trump and Ms. Merkel and will outlast them, with potentially tectonic consequences for Germany's role in Europe.

The core problem with trans-Atlantic relations is that they never evolved after the fall of the Berlin Wall. In the original bargain struck after 1945, the U.S. provided security to its European allies and supported their struggling economies. In return, those allies backed the U.S. on most major issues related to the Soviet Union in Europe. This model of trans-Atlantic relations was founded on the reality of a near-hegemonic America, and a Europe that was economically poor, politically fragile, and militarily vulnerable to the Soviet threat.

Challenges to this model date to at least the Nixon administration, and no U.S. president has been entirely satisfied with Europe's contribution to the Western alliance. But once the Soviet Union collapsed, and the European Union emerged as one of the world's largest economies, many Americans began to think it unwise to keep bearing more than 70% of defense expenditures for the North Atlantic Treaty Organization.

Even President Obama, whose personal relations with Ms. Merkel were famously warm, left office frustrated about the trans-Atlantic imbalance. In March 2016 he affirmed an "anti-free-rider campaign," meant to dissuade the Europeans "from holding our coats while we did all the fighting." "We expect others to carry their weight," he explained.

While Mr. Trump hasn't cultivated the personal touch exhibited by his predecessor, he has sustained Mr. Obama's parting challenge to the trans-Atlantic model. If Joe Biden succeeds in November, he too will struggle to justify the viability of pre-1989 security and trade imbalances in a world in which Europe is no longer poor and the U.S. is no longer hegemonic.

The U.S. plan to withdraw troops is a big step toward revising the bargain it gave Europe in the Cold War.

It remains too early to judge the efficacy of U.S. sanctions on German gas pipelines, demands on German telecommunications infrastructure, pressure on German military spending, and general shaming of Germany's international diplomacy. But critics aghast at the Trump administration's continued preoccupation with alleged German delinquency would do well to consider how far a Biden administration would get in the opposite direction.

Would a President Biden find it easy to uphold unconditional security guarantees to Germany and its neighbors, even if Berlin buys more gas from Moscow, expands trade links with Beijing, and declines to help address U.S. trade concerns in Brussels?

These are not mere questions of "fairness," but of the foundations of contemporary Germany. Consider the precarious circumstances which underwrite Germany's position as both the wealthiest country in Europe and one of the most pacifist members of NATO.

While the Russian threat looms over Poland, Sweden, Finland and the Baltics, the Kremlin is hardly considered a menace in Italy, Spain or Portugal. France is attempting to revive a full-fledged Franco-Russian partnership, while Britain is no longer shackled to the consensus demands of Brussels. Given the wild asymmetry of European threat perceptions, a lopsided U.S. presence truly is the glue that keeps the continent's security architecture together, and Germany's postwar identity intact.

But if the U.S. ever withdraws from Europe in a significant way—as Mr. Trump's troop plan suggests it could, and as events in the South China Sea seem almost designed to achieve—Germany will find itself in a kind of straitjacket.

As the seat of political and economic power in Europe, Berlin would become the main target of Nordic, Baltic and Visegrád pleas to do and spend more on defense, of French appeals to de-Americanize European security, and of Russian fears of German remilitarization. German leaders would also face a whirlwind of competing domestic passions, from advocacy for a renewed era of German military confidence to sheer terror at the notion of reopening the darkest box in Germany's psychological attic.

Ms. Merkel has spent 15 years betting that steady growth, full employment and high wages can keep that box shut, and that U.S. forces can keep Germany's nightmare scenario forever at bay. It is the tragic irony of her final year in office that these two strategies have collided, and that trans-Atlantic ties have frayed so much under her watch.

Mr. Stern was chief of staff and a senior adviser at the U.S. Embassy in Berlin, 2019-20.

Notable & Quotable

Theodore Dalymple writing in the New Criterion's June issue:

I don't know whether you have ever experienced a still small voice at the back of your head . . . telling you that you are enjoying your own anger, an enjoyment which renders it dishonest, but even more do people enjoy being angry in a supposedly good cause. Their anger gives them, at least in their own estimation, rights which they do not possess in a state of equanimity. Their righteous anger allows them with a good conscience to do what they would not normally do, especially when they are in the anonymizing company of many others of like mind. Their righteous indignation gives them the *locus standi* to throw a brick through a plate glass window.

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Foreign Powers Face Off in Libyan Civil War

Conflict is fueled by economic interests, geopolitical rivalry in the oil-rich country

By Jared Malsin

Columns of fighters loyal to Libya's United Nations-backed government, advised by Turkish military officers, are poised west of Sirte on the Mediterranean coast, ready for battle.

In and around the city, about 2,000 Russian military contractors with armored vehicles and Syrian militiamen have moved into position to shore up the defenses of the opposing side in Libya's bitter civil war.

The international forces now facing off across the conflict's new front line—on the approaches to the oil-rich east of the country—threaten to transform Libya's internecine struggle into a wider, regional fight, fueled by economic interests and geopolitical rivalry.

Libya's Government of National Accord is backed by Turkey. On the other side, forces led by a 76-year-old rebel commander, Khalifa Haftar, have support from Russia, Syria, Egypt and the United Arab Emirates. Cairo has vowed to send in its army to block any Turkish advance into Sirte.

"This could quickly end up in a direct military confrontation between Turkey and Egypt," which are rivals for political and military influence in the Middle East, says Wolfgang Pusztai, a security analyst and former Austrian defense attaché in Libya.

MAHMUD TURKIA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Fighters loyal to the Government of National Accord secure an area against Khalifa Haftar's forces.

The Libyan government, with Turkish help and supplies of armed aerial drones and other weaponry, earlier this year broke a siege of Tripoli by Mr. Haftar's forces and has managed to push them back to their stronghold in the east.

At stake right now is control of the east's oil fields, which for seven months have been largely shut down by Mr. Haftar. Revenue from exports of that oil—split between the Tripoli government and the opposition, with most going to the government—had been an important source of state funding.

In addition to backing a regional ally, Turkey is looking to outflank its regional rivals and secure its energy interests. It is locked in disputes with Egypt, Greece, and Israel over rights to major natural-gas fields in the eastern Mediterranean.

Egypt, for its part, is wary of any expanded Turkish role in North Africa. Egyptian President Abdel Fattah Al Sisi first threatened in June to send his forces into Libya, saying Sirte and an important air base south of the city at Jufra, were a red line for Cairo.

Egypt's Gulf allies Saudi Arabia and the United Arab Emirates, also intent on curbing Turkish influence, have vowed to support Cairo if it intervenes. The Emirates has for years sent weapons and planes to support Mr. Haftar, according to U.N. monitors, but the country doesn't acknowledge its military role.

The crisis in Libya centers on the city of Sirte and the strategic Al Jufra air base.

Also in the mix is Russia, which aspires to a role as a power broker in the Middle East and aims to weaken U.S. clout in the region. Moscow says the Russian military contractors fighting for Mr. Haftar don't represent the government. The Russian foreign ministry has said it supports a political solution to the conflict.

Washington, for its part, has sent conflicting signals on which side it supports. After Mr. Haftar ordered an attack on Tripoli in April 2019, the State Department urged a cease-fire and President Trump expressed support for the military commander during his assault on the capital.

Late last year, thousands of Russian military contractors from the Wagner Group, a company with close ties to the Kremlin, poured in and gave Mr. Haftar's forces an edge.

As Mr. Haftar closed in on the capital, Turkey sent more armed drones, air-defense weapons and thousands of fighters from militia groups that fought alongside the Turks in Syria. That helped turn the tide of the war and drive Mr. Haftar's men back.

Following Mr. Haftar's setbacks, Russia has redoubled its support, sending MiG-29 fighter jets, armored vehicles and millions of dollars of cash to bolster Mr. Haftar's depleted forces. About 2,000 Russian military contractors are now deployed on the front line of the conflict in Sirte, according to U.S. military officials.

Inside Sirte, residents say Russian and other fighters supporting Mr. Haftar have been laying mines and planting improvised explosive devices in anticipation of a battle with the Turkish-backed pro-government forces.

"All I care about now is that the Russian forces leave," said a 40-year-old resident, who spoke on condition of anonymity for fear of reprisal from security forces. "Their presence along with the other foreigners signals that war is coming."

In July, Turkey and Russia agreed to pursue talks toward a cease-fire.

—Amira El-Fekki contributed to this article.

Modi Pushes Nationalism As Virus Spreads

By Rajesh Roy And Bill Spindle

NEW DELHI—India's ascendant Hindu nationalist movement will notch a historic victory on Wednesday when Prime Minister Narendra Modi lays a ceremonial cornerstone to begin construction of a bitterly contested Hindu temple in the city of Ayodhya.

But for Mr. Modi and his Bharatiya Janata Party, political flag bearers for the Hindu nationalist cause, the win comes at a particularly tricky moment.

Coronavirus is sweeping the country on Mr. Modi and the BJP's watch. India ranks third globally in recorded coronavirus infections. The economy, weakening even before the pandemic's arrival, has all but collapsed. China has further complicated the situation by prodding India along the two countries' disputed Himalaya border, leading to a high-altitude clash that left 20 Indian soldiers dead.

The BJP-led Hindu nationalist project, solidly on the march as the year began, will likely pause so the party can focus on the day-to-day economic and health crisis, analysts and party insiders said. That means parts of the Hindu nationalist agenda will have to wait, including the introduction of a uniform civil code that would curtail the autonomy of various religious communities and the roll out of a national citizenship registry that many Muslims fear could be used to disenfranchise them.

"Today, there are bigger challenges to handle," said S. Chandrasekharan, director of South Asia Analysis Group, a New Delhi-based think tank. "Where is the time and scope for pushing a political agenda?"

BJP officials are eager to use the cornerstone-laying to underscore the party's Hindu-nationalist bona fides. For emphasis, they chose a date for the ceremony coinciding with the anniversary of another completed task from the Hindu nationalist to-do list: removing the semiautonomous status of Indian-administered Kashmir.

PRABHAT KUMAR VERMA/EPA/SHUTTERSTOCK

Devotees light lamps in Ayodhya, where Prime Minister Narendra Modi, below, is to lay a ceremonial cornerstone at a Hindu shrine.

A year ago, the government placed the state of Jammu and Kashmir under direct central-government control.

"Whatever we decide, we do. Our party has accomplished most of the promises made to the people of India," said Bhupendra Yadav, a senior BJP official involved in pushing the party's agenda. Now, he said, the BJP-controlled government is focused on making India more self-reliant in health care and the economy.

Mr. Modi was indoctrinated from an early age in India's Hindu nationalist movement, which seeks to make Hindu religion and culture the focal point of Indian society. Critics say that runs counter to India's long tradition of equal treatment for all religious communities. Mr. Modi spent his first term in office mostly pushing administrative overhauls and improving the delivery of government services. But following the BJP's landslide electoral victory in 2019, he turned his attention to several of the Hindu nationalist movement's biggest and longest-standing ambitions.

ASSOCIATED PRESS

With control of the parliament, the BJP banned a special form of divorce previously allowed for Muslims. The government says the intent was to protect Muslim women. Critics worried the move intruded on religious freedom and set the stage for the introduction of a uniform civil code.

The decision to strip Kashmir's autonomy came next. Then the party cheered the Supreme Court ruling in favor of Hindu petitioners seeking to build the temple in Ayodhya. A mosque on the site was torn down in 1992 by Hindu activists, who believe the site is the birthplace of the Hindu god Ram. They say the mosque was built where a Hindu temple was.

The BJP also pushed through an amendment to the country's citizenship law giving immigrants from nearby countries from every major religion except Islam a fast-track process to become an Indian citizen. At the same time, the party began talking up a proposal to create a national list of officially verified citizens.

The citizenship amendment sparked some of the biggest protests in years. Then the coronavirus arrived and took center stage. In late March, Mr. Modi locked the country down to slow the virus's spread.

The virus continues to spread. India has 1.85 million reported cases, a sum exceeded only by the U.S. and Brazil. At least 38,938 have died from Covid-19, the disease the virus causes.

On Sunday, the day after India reported the highest number of cases in a day so far—more than 57,000—the home minister, Amit Shah, said he had tested positive for the virus and been admitted to a hospital. Oil Minister Dharmendra Pradhan on Tuesday said he, too, had tested positive and been admitted to a hospital.

The ceremony scheduled for Wednesday is greatly scaled down. Mr. Shah's expected absence shows how the coronavirus has disrupted the BJP's pursuit of Hindu nationalist goals.

"The issue of an all-India NRC [National Register of Citizens] is far from settled, but I expect it to remain a medium-term priority of the government," said Milan Vaishnav, director, South Asia program at Carnegie Endowment for International Peace.

Colombian Court Orders House Arrest for Former President

By Juan Forero

BOGOTÁ, Colombia—The Supreme Court on Tuesday night ordered house arrest for former President Álvaro Uribe while it investigates allegations of witness tampering in a case that has rocked the political establishment in a country that is a close ally of the U.S.

The court is investigating whether Mr. Uribe, who was president from 2002 to 2010 and has been a mentor to President Iván Duque, paid a former member of Colombia's now-defunct paramilitary militia to change testimony he had given to court investigators about the former president's alleged role in helping to establish the armed group. The court, the only entity that can investigate former presidents in Colombia, has in its possession 17 complaints of wrongdoing against Mr. Uribe that were filed by political adversaries and human-rights lawyers.

Mr. Uribe, a senator, has publicly denied wrongdoing. The former president's aides said he wouldn't be available to comment. But on Twitter he lamented the ruling.

"The loss of my freedom causes me profound sadness for my wife, for my family and for the Colombians who still think I did something good for the country," Mr. Uribe wrote.

The case against Mr. Uribe stems from testimony that Juan Guillermo Monsalve, a jailed former paramilitary fighter, made that Mr. Uribe played a role in founding an armed group in his home state long before he became president. The court is trying to determine whether Mr. Uribe, through emissaries, offered bribes to prompt Mr. Monsalve to change his testimony to protect the former president. The court is also investigating alleged witness tampering involving two other jailed former paramilitary members.

No charges have been leveled against Mr. Uribe. But if he is ultimately convicted of witness tampering, as well as fraud, another of the allegations the court is investigating, Mr. Uribe could face a prison term of six to 12 years.

The ruling is astonishing in Latin America, where court systems are seen as susceptible to political pressure.

Mr. Uribe, a right-wing cattleman and former mayor of Medellín, has long provoked strong divisions in this country.

His supporters see Mr. Uribe as a savior who during two terms in office battered Marxist guerrillas of the Revolutionary Armed Forces of Colombia, who were notorious for kidnapping thousands and brutally administering territories they dominated. Severely weakened, the FARC command pursued a peace deal with Mr. Uribe's successor, Juan Manuel Santos.

Mr. Uribe's political adversaries have characterized him as an authoritarian whose government was guilty of widespread rights abuses, including the killings of thousands of civilians.

WORLD WATCH

PHILIPPINES

Manila Lockdown Returns Amid Surge

Commuter trains, buses and other public vehicles stayed off the main roads of the Philippine capital and police set up checkpoints to restrict travel as surging coronavirus cases forced a new lockdown.

Officials deployed dozens of shuttle buses, along with army trucks, to ferry stranded medical personnel and workers of authorized businesses. Most domestic flights to and from the capital were canceled, and night curfews will return in places.

President Rodrigo Duterte reinstated the lockdown after medical groups warned the health-care system was being overwhelmed by Covid-19 patients. More than 106,000 people have been infected, including more than 2,100 who have died.

—Associated Press

IRAN

Family Says Tehran Seized Man in Dubai

A California-based member of an Iranian militant-opposition group in exile was abducted by Iran while staying in Dubai, his family said.

The suspected cross-border abduction of Jamshid Sharmahd appears corroborated by mobile phone-location data that suggests he was taken to Oman before heading to Iran.

Iran accuses Mr. Sharmahd, 65 years old, of planning a 2008 attack on a mosque that killed 14 people and wounded more than 200 others, and plotting other assaults through the Kingdom Assembly of Iran and its Tondar militant wing.

His family says Mr. Sharmahd was a spokesman for the group and had nothing to do with attacks in Iran. Mr. Sharmahd, an Iranian-German national who supports restoring Iran's monarchy had been targeted in an apparent Iranian assassination plot on U.S. soil in 2009.

—Associated Press

MICRONESIA

Three Rescued After Writing SOS in Sand

Three men have been rescued from a tiny Pacific island after writing a giant SOS sign in the sand, authorities say.

The men had been missing in the Micronesia archipelago for nearly three days when their distress signal was spotted Sunday on uninhabited Pikelot Island by searchers on Australian and U.S. aircraft, the Australian defense department said Monday.

The men apparently had set out from Pulawat atoll in a 23-foot boat on July 30 and had intended to travel about 27 miles to Pulap atoll when they sailed off course and ran out of fuel, the department said.

—Associated Press

TECHNOLOGY: VIDEOGAME BOOM MAKES UP FOR WEAKNESS ELSEWHERE AT SONY B4

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, August 5, 2020 | B1

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Disney Posts First Loss Since 2001

By R.T. Watson

Walt Disney Co. posted its first quarterly loss since 2001—nearly $5 billion—as the majority of its business segments reeled from global efforts to curb the spread of the coronavirus by shutting down public spaces around the world.

The Covid-19 pandemic has closed Disney's theme parks, virtually eliminated movie distribution and curtailed live sports, a programming source for Disney networks. However, the world's shut-in nature has helped the company's Disney+ streaming service secure more than 60 million users in nearly nine months, something that took Netflix about eight years to achieve.

The company showed a loss of $4.72 billion for the three months ended June 27, versus a profit of $1.43 billion in the year-earlier period. Total revenue fell 42% to $11.8 billion from $20.3 billion in 2019.

The prior quarterly loss came in early 2001 and totaled $567 million, according to FactSet data.

Investors appeared to be more interested in strong results from Disney+, which reported strong subscriber growth and next month will offer the premiere of the long-postponed live-action remake of "Mulan." Disney shares rose about 5% in after-hours trading following the earnings release.

As expected, Disney's theme-parks business was hit the hardest. The company estimated the pandemic had a roughly $3.5 billion negative impact on the segment, which it said lost $1.96 billion in the quarter, compared with $1.72 billion operating income a year earlier. The domestic parks, resorts, cruise lines and Disneyland Paris were all closed during the entire quarter. Disney's Shanghai Disney Resort and Hong Kong Disneyland were able to operate for a portion of the quarter.

"We continue to work with national and local health and government officials in this very fluid situation and are making adjustments as necessary," said Disney Chief Executive Bob Chapek.

The reopening of Walt Disney World theme park in Orlando, Fla., has so far been disappointing, finance chief Christine McCarthy said on a call with Wall Street analysts.

"The upside we are seeing from reopening is less than we originally expected given the recent surge in Covid-19 cases in Florida," she said on the Tues-

Please turn to page B2

Pensions See Best Return in 22 Years

By Heather Gillers

Public pension funds set a 22-year performance record in the second quarter, recovering some but not all of their losses from the first quarter.

Double-digit stock gains pushed pension returns to a median 11.1% for the second quarter, according to Wilshire Trust Universe Comparison Service.

Even with the rebound, median annual returns for the public pensions whose fiscal years ended June 30 were 3.2%, far short of the funds' long-term investment-return target of around 7%.

"That's the funny thing with math, if you go down 20%, a 20% return does not make it up." said Robert J. Waid, managing director at Wilshire Associates.

Before the pandemic, public pensions were already trying to plug large funding holes by pursuing aggressive returns to make up for insufficient government funding in past years and decades. State and local pension funds in the U.S. held $4.05 trillion in aggregate as of March 31—$4.93 trillion less than the cost of promised future obligations, according to Federal Reserve data.

Investment shortfalls drive up the amount state and local governments have to pay in. Funds are also bracing for coronavirus-related government-revenue losses.

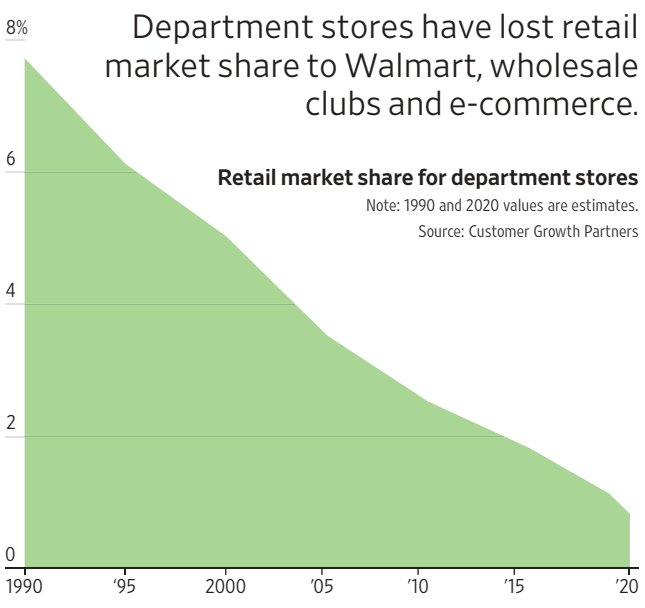
The second quarter's returns, the best since 1998, provided a welcome boost.

Jay Bowen, manager of the Tampa Firefighters and Police Officers Pension Fund, said the market was treating the pandemic more like a natural disaster. "You get the plunge but it doesn't last for a protracted period and then there's a sharp rebound," he said.

Some of pensions' second-quarter gains reflected quick thinking during the record losses of the first quarter.

Mr. Bowen credited his fund's 17.1% return in the second quarter in part to stocks bought on the cheap while the market was crashing. During the four-week period ending March 24, the police and fire fund bought and sold $500 million in stocks, compared with $180 million during the

Please turn to page B13



How Department Stores Lost Flair For Innovation

By Suzanne Kapner

Lord & Taylor was one of the first retailers to allow employees to become stockholders, to introduce a lunch counter, to usher in the Christmas season with animated window displays and to take risks on new American designers.

That innovation stopped in the 1980s, former executives say, sending the once-grand department store chain on a long march toward bankruptcy that culminated Monday, when the 194-year old company's lenders said it would liquidate if it can't find a buyer by October.

Department stores were once on the leading edge of retailing—big, exciting places to shop, where consumers could find everything from the latest toaster to an evening dress and matching shoes. Now, they are fighting for their lives. In May, J.C. Penney Co., Neiman Marcus Group Ltd. and Stage Stores Inc. filed for bankruptcy, adding to the list of chains that have shrunk or disappeared in recent years.

Saving the department store—or at least salvaging it—isn't impossible, but doing so will require a radical rethink of how stores operate and relate to shoppers, say veteran retail executives.

It would be easy to blame the rise of fast fashion, off-price chains like T.J. Maxx, the internet and, most recently, the Covid-19 pandemic for the demise of department stores. But rivals in Europe and Japan are healthier, even with those factors in play.

In the U.K., Harrods and Selfridges are renowned for their food halls, which provide a sensory experience not replicated online. In Japan, the department store Nihombashi Mitsukoshi has hosted exhibits where artisans make ceramics, weave fabrics and practice other traditional crafts, creating a sense of theater.

"The U.S. players haven't been able to replicate the same type of excitement and pizazz," said Craig Johnson, president of consulting firm Customer Growth Partners. "U.S. department stores are too stale and slow."

Former industry executives date the problems to the 1980s, when a series of mergers and overexpansion led to bloat.

"The focus became more about how to take care of the corporate office, not the customer," said Allen Questrom, the former CEO of Neiman Marcus, Barneys New York Inc., J.C. Penney and Federated Department Stores Inc., which

Please turn to page B2

FROM TOP: MARK LENNIHAN/ASP; NINA LEEN/LIFE PICTURE COLLECTION/GETTY

Lord & Taylor was famous for its lavish and detailed holiday windows in New York City, such as the one above from 2013. Below, women try on hats at Neiman Marcus in an undated vintage photo.

Twitter Suspect Said to Use Phone, Tech Tricks

By Robert McMillan And Euirim Choi

The crucial moment in the worst hack in **Twitter** Inc.'s history sounded like something millions of Americans would find unremarkable. It was a call from the IT department. Or at least, it seemed to be.

In fact, the call was from a Florida teenager who convinced a Twitter employee that he was a co-worker, according to prosecutors, who revealed their case last week. The persuasion was a key leap forward during months of reconnaissance that ultimately granted the 17-year-old access to a host of Twitter accounts, including Barack Obama, Elon Musk and Kanye West, authorities allege.

Months ago, Graham Ivan Clark escalated his online activity from taking over and selling accounts on platforms across the web to seeking to penetrate Twitter's internal systems, according to prosecutors, security professionals and people familiar with the matter.

"This is not quite Matthew Broderick in 'WarGames' but there's an element of hacking combined with social engineering," said Hillsborough County, Fla., State Attorney Andrew Warren.

In addition to his telephone persuasion, he seized control of a phone number through a technique called SIM-swapping, whereby a hacker convinces a carrier to assign a number to a new phone, Mr. Warren said. He also set up several fake phishing pages, including one that resembled the company's Okta login portal, a destination used for securely logging into company systems, according to Okta.

"This situation did not involve a compromise of Okta's services," Okta said in a statement.

Mr. Clark entered a plea of not guilty in court Monday, according to his attorney, David Weisbrod. He remains in custody, Mr. Weisbrod said.

In March, Twitter ordered all employees to work from home, creating an ideal environment for the kinds of attacks in which Mr. Clark alleg-

Please turn to page B12

INSIDE

GEORGE FREY/REUTERS

BUSINESS
Mallinckrodt may file for chapter 11, possibly undercutting opioid settlement. **B3**

DEALS
Google's $2.1 billion Fitbit deal faces hurdles in Europe, Australia. **B4**

U.S. Seeks $18.1 Billion From Opioid Maker Purdue Pharma

By Sara Randazzo

The Justice Department is seeking as much as $18.1 billion from bankrupt opioid maker **Purdue Pharma** LP, new filings show, a demand that could disrupt the company's monthslong effort to reach a settlement with states and local communities that accuse it of helping fuel the opioid crisis.

The filings, made by the Justice Department in connection with Purdue's bankruptcy case, also telegraph for the first time the nature and scope of yearslong criminal and civil investigations into the OxyContin maker.

Federal prosecutors are investigating whether Purdue's marketing and distribution of opioids violated criminal statutes including antikickback laws, misbranding under the Food, Drug and Cosmetic Act and conspiracy, according to the filings.

On the civil side, they are looking at whether Purdue offered kickbacks to doctors and pharmacies to encourage them to prescribe and dispense more OxyContin and whether the company transferred cash to hide money from creditors, the new filings show.

Purdue said Tuesday the company is in discussions to resolve criminal and civil investigations with the Justice Department and had no further comment.

$2.8B
Amount the DOJ values its civil claims at

In the filings, the Justice Department valued its civil claims at $2.8 billion, which could be tripled under the law. In the event of criminal charges and a conviction, the government said it would seek a $6.2 billion fine and the forfeiture of potentially $3.5 billion more. The filings haven't yet been made public but were viewed by The Wall Street Journal.

Purdue filed for chapter 11 bankruptcy protection last September to try to implement a multibillion-dollar settlement plan with states and local governments that had sued the company, claiming its aggressive marketing of the powerful painkiller OxyContin led to widespread opioid addiction.

The company has denied the allegations and said it is committed to helping alleviate opioid addiction.

The prospect of criminal or civil charges being brought against the company has clouded the bankruptcy, though until now the Justice Department hasn't actively participated in the case. Purdue has previously acknowledged the existence of federal probes and said it is cooperating.

Since entering bankruptcy, the Stamford, Conn., company has been in talks, overseen by two $500,000-a-month mediators, to split its limited pool of assets among competing fac-

Please turn to page B3

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A
Activision Blizzard....B13
Alphabet.....A8,B4,B13
Amazon.com....A3,A4,A8
American International Group.....B14
Apple.....A2,B4,B14
AstraZeneca.....A6
AT&T.....B5,B14

B
Bayer.....B3
BioNTech.....A6
Blackstone Group.....B6
Boeing.....A2,B2
Booking Holdings.....B3
Boston Properties.....B6
BP.....B3,B14
Brookfield Property Partners.....B6
ByteDance.....A1,A8

C
Captiv8.....A8
Carlyle Group.....B14
CME.....B13
Comcast.....B5

D
Devonwood Investors.B6
Diageo.....B14

E
Eastman Kodak.....A1
Eli Lilly.....A6
Embodied.....A12
Expedia Group.....B3
Exxon Mobil.....B14

F
Facebook.....A8,B13
Fitbit.....B4
Fox.....B5

G
General Motors.....A2,B2
Gordon Pointe Acquisition.....B6

H
Heidrick & Struggles International.....B6
HSBC.....A2

I
Industrial Realty Group.....B6
International Business Machines.....B14
iRobot.....A12

K - L
KKR.....B12
Las Vegas Sands.....B3

M
Mallinckrodt.....B3
MGM Resorts International.....B3
Microsoft.....A1,A2,A8
M. Klein.....B6
Moderna.....A6

N
NBCUniversal.....B5
News Corp.....B5
Nintendo.....B4

P
Pfizer.....A6
Purdue Pharma.....B1

S
Shanghai Zhizhen Network Technology A2
Simon Property GroupB6
SL Green Realty.....B6
Sony.....B4

T
Take-Two Interactive Software.....B13
Tencent.....A3
Thermo Fisher Scientific.....B13
Toyota Motor.....A2,B2
TripAdvisor.....B3
Twitter.....A8,B1

V
Vornado Realty Trust.B6

W - Z
Walt Disney.....B6,B13
Warner Music Group..B5
Wynn Resorts.....B3
Zoetis.....B13

INDEX TO PEOPLE

A
Abbasi, Yousef.....B13
Auchincloss, Murray.B14

B
Bajaj, Mohit.....B13
Bajarin, Tim.....B4
Bernstein, Richard....B13
Bogliari, Alessandro...A8
Byrnes, William.....B13

C
Calanog, Victor.....B6
Clark, Graham Ivan.....B1
Crawford, Michael.....B6
Curtin, Christopher...B13

D
Dolan, James.....B6

F
Fazeli, Nima.....B12

G
Grills, Jeff.....B13

H
Harris, Mark.....B6
Heinel, Lori.....B13
Hofmann, Dom.....A8
Horowitz, Aaron.....A12

I - J
Icahn, Carl.....B6
Joswiak, Greg.....B4

K
Kavanaugh, Ryan.....A8
Koch, Christian.....A6

L
Looney, Bernard..B3,B14

M - N
McNerney, Brendon....A8
Nadella, Satya.....A1
Nuttall, Scott.....B12

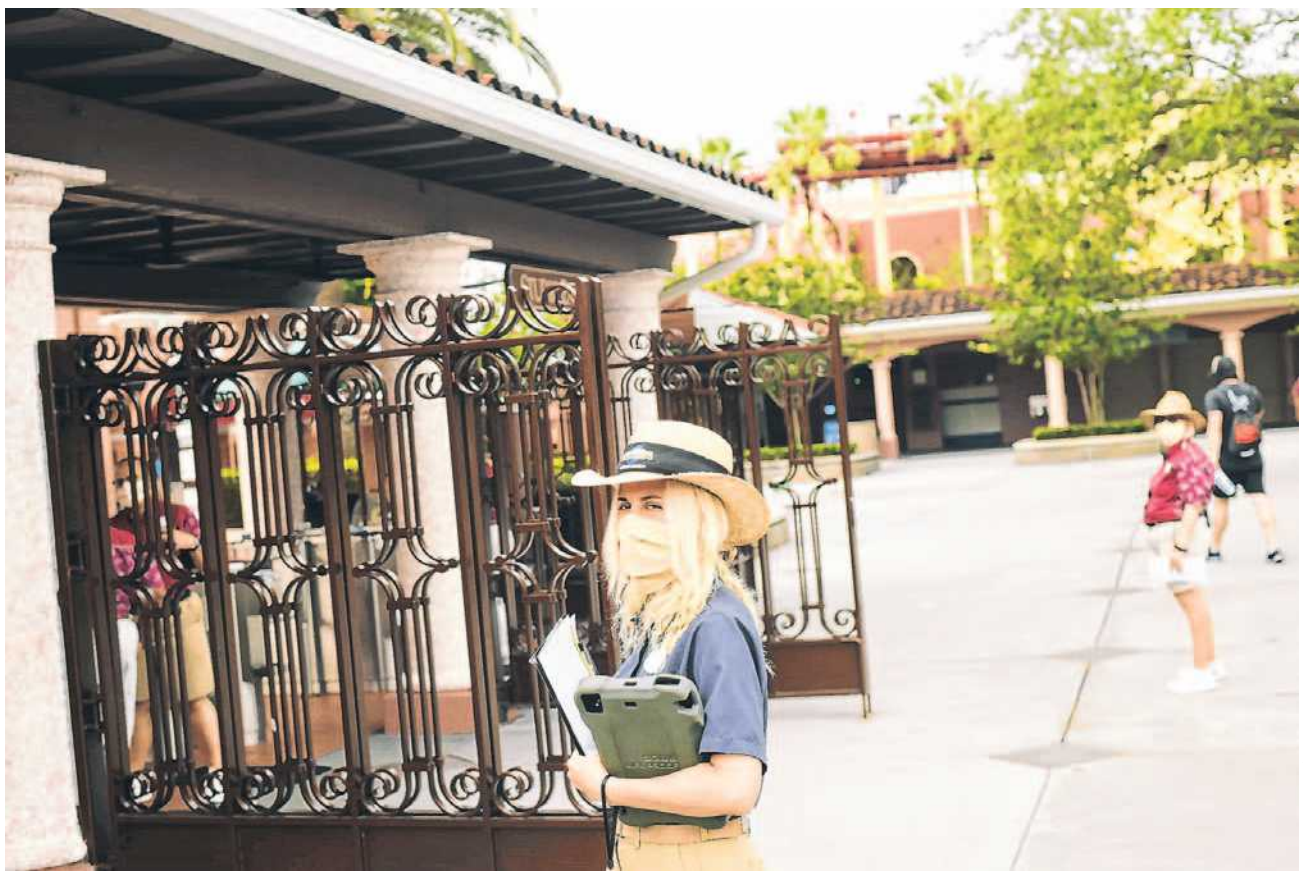
P
Pirjanian, Paolo.....A12
Porges, Geoffrey.....A6

R
Rankin, Richard.....B2

S
Schiller, Phil.....B4
Sheppard, Mason.....B12
Shevlin, James.....B6
Smith, Brad.....A8
Subramanian, Krishna A8

T
Towers, Terri.....A6

W
Warren, Andrew.....B1
Weisbrod, David.....B1
Wong, Rod.....A6



ZACK WITTMAN/BLOOMBERG NEWS

Revenue at NBCU declined 25% in the second quarter, partially because of theme park closures and delayed movie releases.

Layoffs Begin at NBCUniversal As Pandemic Roils Entertainment

By Joe Flint

NBCUniversal has begun making staff cuts across its entertainment portfolio including its sports and cable channels, broadcast networks, movie studio and theme parks, according to people familiar with the matter.

The layoffs have been anticipated for several months and are primarily tied to the effect the coronavirus has had on many of the **Comcast Corp.** unit's operations. Revenue at NBCU declined 25% to $6.1 billion in the second quarter, a result of theme park closures, the postponement of movie releases and advertising drops at its TV properties.

NBCUniversal has 35,000 full-time employees. The reductions are expected to be held to less than 10% of staff, a person close to the matter said.

Other entertainment companies including Walt Disney Co. and **Fox Corp.** have also been in cost-cutting mode as the coronavirus has pummeled their bottom lines. **AT&T Inc.**'s WarnerMedia is expected to begin staff reductions as early as next week, people close to that company said. WarnerMedia is the parent of HBO, Warner Bros. and several cable networks including CNN and TNT.

Fox Corp. and Wall Street Journal parent **News Corp** share common ownership.

Most production of movies and television shows continues to be shut down, particularly in Los Angeles. When production does resume, costs are expected to rise as a result of testing and other safety protocols related to the virus.

The NBCUniversal layoffs come at the same time the company is overhauling its entertainment operations under new Chief Executive Jeff Shell. On last week's Comcast earnings call, Mr. Shell said the unit is "finalizing a new structure that will demonstrate the unique way we intend to manage this business going forward."

The unit employs 35,000 and the cuts are expected to affect less than 10%.

The new structure is expected to combine much of NBCU's content business. Mr. Shell wants to centralize programming into a hub rather than each individual platform having its own content unit. The new approach will likely lead to leadership shake-ups across the company's West Coast operations.

NBCU last week said it launched a probe into the culture of the prime-time entertainment unit of NBC, its flagship broadcast network, which is overseen by entertainment chairman Paul Telegdy. The probe followed a story in The Hollywood Reporter that painted a picture of a toxic and misogynistic environment in the unit.

Mr. Telegdy denied the claims, saying in a statement last week, "the nature of these allegations flies in the face of everything I stand for. I hope that my actions over decades—empowering those around me, supporting artists, and creating shows with values of aspiration and inclusion at the core—speak louder than the selective words of a few."

Department Stores Lost Their Flair

Continued from page B1

later became Macy's Inc.

Most of those chains were troubled when Mr. Questrom took over. He tried to get employees to spend more time in the stores to see what customers were buying.

"I was shocked at the lack of knowledge executives had about their customers," Mr. Questrom said. "They spent too much time in the central office."

The chains experienced a resurgence under Mr. Questrom, who retired from J.C. Penney in 2004. But more recently, they have faltered. Barneys filed for bankruptcy last year and has closed most of its stores. Macy's is closing a fifth of its stores over the next three years and recently eliminated 3,900 corporate jobs, or 3% of its total workforce.

Department stores aren't the only retailers struggling after the pandemic forced nonessential businesses to temporarily close in March and April. Even as stores reopened in May, many are in critical condition as shoppers curtail spending on clothing and nonessentials and avoid congregating indoors. Men's Wearhouse parent Tailored Brands Inc. recently filed for bankruptcy and Victoria's Secret parent L Brands Inc. is laying off about 15% of its home office staff.

Department stores have particularly thorny challenges. They sell name-brand items that can be found at competing retailers, making it easy for shoppers to price-shop online. They face growing competition not just from Amazon.com Inc. and other online players, but also the very brands they sell, which have opened their own boutiques and websites.

As sales have stalled, stores have cut costs, sometimes by eliminating salespeople, making for an unappealing shopping experience.

To save the stores, Stephen Sadove, the former CEO of Saks Inc., said leaders should experiment with a hybrid wholesale-retail model popularized in Europe by stores such as Galeries Lafayette. Some brands would control the merchandise, removing risk for the retailer, which could focus on managing the space and employees.

"Unless they dramatically change, it will be difficult for them to survive," Mr. Sadove said.

Rachel Shechtman, who was Macy's brand experience officer until she left in June, said department stores need to look to their past to chart a future. "Two things that made department stores great were amazing customer service and great merchandise that you couldn't find elsewhere," Ms. Shechtman said. "It's almost impossible to name a store that does that today."

It's hard to reverse decades of bad habits.

Industry executives trace Lord & Taylor's decline to its 1986 acquisition by the May Department Stores Co., which later merged with Federated to form Macy's. Lord & Taylor had thrived because it catered to an upscale, East Coast clientele. May, which sold less expensive clothes in the Midwest, replaced Lord & Taylor's merchandise with lower priced twin sets and other generic fare. Then it opened too many Lord & Taylor stores in midtier malls, the former executives said.

By the time Lord & Taylor was sold last year to its current owner, Le Tote Inc., it was a shadow of the grand retailer it had once been. The pandemic made its bankruptcy filing—according to a former senior Lord & Taylor executive—inevitable.

ERIC SCHWAB/AGENCE FRANCE-PRESSE/GETTY IMAGES

A customer and a sales clerk at Lord & Taylor in New York in April 1946. In recent years, salespeople have become harder to find.

Disney's Loss Nears $5 Billion

Continued from page B1

day conference call. Less than a month ago, Walt Disney World reopened at reduced capacity and with heightened safety measures.

Disney postponed plans to open Disneyland in Anaheim, Calif., after the state canceled its plan to allow the park to reopen at limited capacity amid fears that reopening other public spaces too soon had caused a jump in new Covid-19 cases.

Last month in China, the company had to close Hong Kong Disneyland less than a month after the park reopened as government officials renewed restrictions on public gatherings amid a fresh outbreak.

In a bid to adapt to the pandemic's impact, the company said its big-budget remake of "Mulan," originally slated to open in theaters this spring and postponed several times since, will now debut as a premium-priced download on Disney+. Starting early next month, it will be available for about $30 in the U.S., Canada and several other major markets. The company said the movie will open in theaters in markets where cinemas are operating.

Mr. Chapek indicated that it doesn't see streaming as the go-to outlet for other big-budget movies in the future.

"We're looking at 'Mulan' as a one-off," the CEO said, adding that he hoped releasing the movie on its platform would help attract subscribers.

Disney+ represented one of the company's few bright spots. Since launching in the U.S. nearly nine months ago Disney has built the service's subscriber base at record pace. On Tuesday, Mr. Chapek said Disney+ had surpassed 60.5 million subscribers world-wide. Disney recently launched the service in parts of Western Europe, India and Japan.

Mr. Chapek called the service the company's top priority and said he expects it to be available in nine of the world's top 10 economies by the end of the year. Disney+ will be available in Scandinavia, Belgium and Portugal next month and Latin America in November.

Disney is getting some help via the limited resumption of professional sports. Its ESPN network recently began broadcasting the return of the National Basketball Association and Major League Baseball.

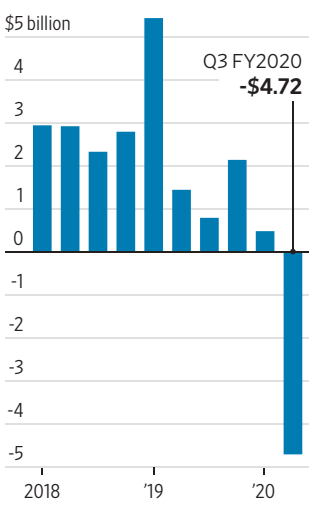
Thanks to strong ratings so far, Disney could see an uptick in television advertising revenue in the months to come after experiencing an entire quarter without most of its usual live-sports programming.

It is unclear when Disney will begin generating significant box-office revenue. Theaters in some overseas markets have started to reopen and major U.S. theater chains are hoping to do the same later this month.

Following "Mulan," which is opening online in most of the world, the company's next major film title is the Marvel spinoff "Black Widow," slated for early November.

The economic pain of the pandemic is expected to be reflected in much of Disney's future operations, including the production of new films and series. Ms. McCarthy estimated that adhering to new guidelines and implementing enhanced safety measures to protect against the spread of Covid-19 will cost an additional $1 billion between now and the end of the company's next fiscal year.

Disney quarterly net income



Source: FactSet (historical); the company (Q3 2020)

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18 911 GT2 RS *PDK*	Vesuvio Metallic/Black	420 mi		$319,900
18 911 GT3 Touring *Manual*	Jet Black/Black	6K mi	CPO	$175,900
17 911 Turbo S Coupe *PDK*	White/Espresso & Cognac	14K mi	CPO	$157,900
17 911 Turbo S Coupe *PDK*	Guards Red/Black	7K mi	CPO	$149,900
17 911 Carrera Coupe *PDK*	GT Silver/Black	15K mi	CPO	$81,900
16 911 GT3 RS *PDK*	PTS Viper Green/Black	3K mi		$184,900
15 911 Turbo Cabriolet	Black/Black	7K mi	CPO	$121,900
08 911 Turbo Coupe *Tiptronic, Factory Aerokit*	White/Beige	12K mi		$84,900
> MACAN/CAYENNE/PANAMERA/TAYCAN				
19 Cayenne	Jet Black/Black	11K mi		$69,900
18 Panamera 4S *Original MSRP: $144K*	Jet Black/Black	13K mi	CPO	$95,900
18 Macan S	Black/Agate Grey	12K mi	CPO	$54,900
17 Cayenne GTS	Grey/Espresso	13K mi	CPO	$74,900
17 Cayenne S	White/Luxor Beige	16K mi	CPO	$59,900
14 Cayenne Diesel	Jet Green Metallic/Luxor Beige	68K mi	CPO	$37,900
> BOXSTER/CAYMAN				
20 718 Spyder *Manual, PCCBs, Bucket Seats*	Chalk/Black	150 mi		$129,900
> SPECIALTY/EXOTICS				
20 BMW M8 Comp. *$19K Off MSRP*	Black Sapphire/Ivory	450 mi		$136,900
18 Mercedes-Benz AMG C 63	White/Black	28K mi	CPO	$53,900
12 Maserati Gran Turismo MC Stradale	Red/Black	2K mi		$64,900
01 Mercedes-Benz SL 500 *Sport Pkg.*	Magma Red/Java	23K mi		$31,900

All prices exclude Tax; Title; Registration and Licensing; Delivery and Handling Fees. Dealer is not responsible for pricing errors.

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Bayer Pact Leads to $11 Billion Loss

By Ruth Bender

BERLIN—**Bayer** swung to a net loss of €9.55 billion ($11.23 billion) in the second quarter on provisions for its multibillion-dollar settlement with plaintiffs alleging the Roundup herbicides cause cancer, as the German company slightly lowered its outlook due to the coronavirus pandemic.

Bayer, whose share price has been weighed down for years by the Roundup legal battle, said it expects full-year sales and earnings before interest taxes, depreciation and amortization to come in slightly lower than initially forecast, after sales in its pharmaceuticals division were hit by the pandemic.

The chemicals-to-pharmaceuticals company now expects sales, adjusted for currency swings, disposals or acquisitions, to grow between 0% and 1% this year to a range of €43 billion-€44 billion, compared with a previously forecast rise of 3% to 4%. Ebitda is projected at around €12.1 billion compared with a previous target of €12.3 billion to €12.6 billion.

Sales in the second quarter dropped 6.2% to €10.05 billion from €10.71 billion. Pharmaceuticals, which make up some 40% of sales, fell as hospitals and doctors around the world postponed nonessential treatments amid lockdowns and a focus on Covid-19 patients.

ALEX KRAUS/BLOOMBERG NEWS

The herbicide production line at a Bayer CropScience R&D facility in Frankfurt, Germany, in July.

At the consumer care division, which includes blockbuster brands such as aspirin, sales fell 16.7% in the quarter as shoppers and retailers refrained from buying new products after they had built large stocks at the beginning of the pandemic during the first quarter.

Sales in the crop science division rose 0.3%, helped by higher sales in Latin America, Asia and North America.

The net loss, which also includes provisions for other pending litigation, comes as the company is still struggling to find a solution to fully put to rest the Roundup legal battle that has haunted the company ever since it inherited the first lawsuits with its takeover of U.S. agricultural giant Monsanto in 2018.

The settlement deal Bayer announced in late June hit a snag last month when the company had to scrap a $1.25 billion proposal for resolving future suits over the weedkillers that continue to be sold.

To prevent lawsuits in future, Bayer came up with a novel type of class action that depended on the creation of a panel of scientists that Bayer wanted to definitively decide on whether Roundup and its active ingredient, glyphosate, are carcinogens.

But the U.S. judge in charge of approving the solution said he was skeptical that such a panel could fairly replace judges and juries in the case. Bayer and plaintiffs' lawyers last month said they would work on refining the idea and bring it back to the judge.

Bayer Tuesday said it remains committed to finding a viable solution to resolve potential future lawsuits.

Deals valued at up to $9.6 billion that Bayer reached with lawyers representing tens of thousands of plaintiffs remain intact.

Bayer has argued that Roundup and its active ingredient, glyphosate, are safe and appealed three jury verdicts that had sided with plaintiffs.

Parent of Kayak and Priceline Cuts Jobs

By Dave Sebastian

Booking Holdings Inc. said it plans to cut up to a quarter of Booking.com's global workforce, or roughly more than 4,000 people, and restructure as the Covid-19 pandemic batters travel demand.

The online travel agency, which also operates Kayak, OpenTable, Priceline and Agoda, said it is in talks with works councils, employee representatives and relevant organizations as it decides on the timing, number of affected employees and other parts of the cost-reduction measures. The Booking.com unit employs more than 17,000 people.

The Norwalk, Conn., company said it expects to finalize the plans on a country-by-country basis starting in September and send all layoff notices by the end of the year. Booking Holdings operates in more than 65 countries and employed more than 26,000 across its brands as of the end of last year.

"The travel industry remains under significant pressure," Glenn Fogel, president and chief executive, told employees in a video Tuesday. "At Booking.com this has hit, and will continue to hit, our business hard."

Booking Holdings derives most of its revenue from travel-reservation commissions. In March, when lockdown measures escalated in the U.S., the company received more cancellations than new bookings. It is set to report second-quarter results on Thursday.

Other travel-related sites are also struggling. **Tripadvisor** Inc. has moved to eliminate 900 jobs, or about a quarter of its workforce. **Expedia Group** Inc. last week reported a second-quarter loss as gross bookings fell 90%.

Opioid Maker Weighs Filing for Chapter 11

By Alexander Gladstone And Dave Sebastian

Drugmaker **Mallinckrodt** PLC said it is considering filing for chapter 11 protection over a clash with U.S. regulators and liabilities stemming from the opioid epidemic, potentially undercutting a proposed opioid settlement with state and local governments.

Mallinckrodt said Tuesday it has been in negotiations with creditors about a potential bankruptcy filing covering the parent company and most of its subsidiaries to address opioid-related liabilities, corporate debts and a dispute with regulators over its Acthar Gel medication.

A bankruptcy filing by Mallinckrodt wasn't part of a settlement framework unveiled in February to resolve liabilities from its alleged role in fueling opioid addiction. Under that proposal, which was agreed to by most states and U.S. territories, Mallinckrodt would have placed its generic-drug subsidiary into chapter 11 while keeping the Ireland-based parent out of bankruptcy.

Avoiding a bankruptcy filing by Mallinckrodt was an important feature of the deal proposal, which included giving state governments warrants for a minority stake.

Two other opioid manufacturers, Purdue Pharma LP and Insys Therapeutics Inc., have sought chapter 11 protection to deal with government claims related to the drug epidemic. Purdue has proposed turning itself over to creditors in bankruptcy and paying at least $3 billion from its controlling family to fight addiction. Insys sold its rights to its flagship opioid product and other drug assets and is winding down affairs.

Mallinckrodt, which has U.S. headquarters in St. Louis and makes branded and generic medicines as well as raw materials for rivals' products, said it risks noncompliance with its debt agreements over the next 12 months and is in talks with creditors as well as litigation claimants and their advisers.

In addition to legal exposure surrounding opioids, the company has been pressured by a dispute with health regulators related to Acthar, an injected product used to treat multiple sclerosis, infantile spasms and other conditions.

Last year, drug regulators declared the company noncompliant with rules governing an outpatient drug-rebate program, potentially costing Mallinckrodt as much as $640 million in retroactive rebates.

A federal judge in Washington has upheld the regulators' decision, and while Mallinckrodt has filed an appeal, it may not be heard by the appellate court before the rebate bill comes due.

Mallinckrodt carries a sizable debt load of roughly $5.2 billion.

The drugmaker said Tuesday that it swung to a quarterly loss and posted a nearly 80% sales decline due to litigation charges and lower demand amid the Covid-19 pandemic.

Sales were $166.5 million, net of the Acthar Gel liability, the company said. It posted sales of $823.3 million in the same period last year.

Purdue Faces DOJ Demand

Continued from page B1

tions of creditors. Some of the sticking points have been around how much money Purdue's owners, members of the Sackler family, are willing to personally contribute.

The company entered bankruptcy valuing its settlement proposal at as much as $10 billion, though the recent mediation has generally valued the company's assets at $5 billion, a person familiar with the matter said.

At least $3 billion of any settlement would come from the Sacklers. The federal government has been monitoring but not actively participating in the mediation, court filings show.

The recent Justice Department filings are proofs of claim, statements required from anyone seeking money from a bankrupt company. Even before last week's deadline to file such claims, thousands had been made by state and local governments, Native American tribes, hospitals, addicted individuals and insurers, totaling amounts far in excess of anything Purdue would be able to pay.

The federal government laid out the basics of its investigation, alleging that from 2010 to 2018, Purdue marketed OxyContin to prescribers it knew wrote medically unnecessary prescriptions and paid kickbacks to keep the prescriptions flowing. The practices caused reimbursements to be paid from federal health-care insurance programs in violation of the False Claims Act, the government alleges in one of the filings.

The allegations include that Purdue paid at least $137,000 in kickbacks to specialty pharmacies to get them to fill prescriptions others wouldn't fill, according to the filing.

The filing also mentions probes into Purdue's relationship with Practice Fusion, a health-care technology company that earlier this year admitted to receiving kickbacks to use its software to help push certain opioids and agreed to pay $145 million to resolve criminal and civil investigations. The settlement with Practice Fusion didn't name Purdue but mentioned a "major opioid company."

UAW Board Member Resigns After Accusations of Sexual Harassment

By Nora Naughton

A top-ranking official at the United Auto Workers has resigned and the union said it has stopped its process of removing him following an internal investigation into allegations he sexually harassed subordinates.

Richard Rankin, a UAW board member and the former head of its offices in Ohio, stepped down this week as a union-sponsored trial was set to begin, the UAW and Mr. Rankin confirmed in a joint statement Tuesday. The UAW's executive board in March began the process of removing Mr. Rankin by filing charges against him through the union's formal grievance process. The charges prompt an internal jury trial at the union that would have determined whether he should be removed from his position.

At the time, the UAW said an internal investigation conducted by an independent law firm substantiated allegations of workplace harassment. The inquiry had focused on sexual-harassment claims brought by several women who worked under Mr. Rankin and was reported by The Wall Street Journal in March.

Mr. Rankin has been on paid leave since the internal complaint was filed by the union's governing board.

The UAW said it agreed to withdraw its charges against Mr. Rankin after he said he would resign. The decision by Mr. Rankin to step down was personal and not an admission of guilt, according to the joint statement.

Two current female UAW staffers had alleged that Mr. Rankin repeatedly made sexually charged remarks that in one instance escalated to a physical threat, people close to the inquiry had previously told the Journal.

The departure of Richard Rankin is the latest challenge facing the union.

The departure of Mr. Rankin is the latest challenge facing the nearly 400,000-member union. Former UAW President Gary Jones abruptly resigned in November after the union's governing board sought to oust him, claiming he had filed false and misleading expense reports and then covered up the alleged misconduct.

The UAW is also confronting a yearslong federal investigation into corruption within its top ranks. The probe has resulted in the conviction of several high-ranking union leaders, including Mr. Jones, who has pleaded guilty to embezzlement of union funds and racketeering.

Rory Gamble, the UAW's current president, recently met with the U.S. attorney in Detroit to discuss potential reforms to the union's structure. He has also pledged to root out corruption by implementing stronger financial controls.

Along with the investigation, a female staffer at the UAW in May filed a lawsuit claiming she was sexually harassed by higher-ranking UAW officials in what the filing describes as an "atmosphere of harassment" at the union. She claims in her suit the union failed to take action when she complained and then retaliated against her.

That case is still ongoing, and a UAW spokesman declined to comment on it.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

MICHAEL MASON-MAHON, GARY COOK, GARETH R. NICHOLLS, and LINDA FOSTER, Derivatively on Behalf of HSBC HOLDINGS PLC, HSBC BANK USA, N.A., HSBC NORTH AMERICA HOLDINGS, INC., and HSBC USA INC.,
Plaintiffs,
v.
DOUGLAS J. FLINT, STUART T. GULLIVER, IAIN J. MACKAY, SAFRA A. CATZ, LAURA M. L. CHA, JOHN D. COOMBE, JOACHIM FABER, RONA A. FAIRHEAD, WILLIAM S.H. LAIDLAW, JOHN P. LIPSKY, JANIS R. LOMAX, SIR SIMON M. ROBERTSON, WILLIAM R.P. DALTON, ANTHEA DISNEY, IRENE M. DORNER, ROBERT K. HERDMAN, LOUIS HERNANDEZ, JR., PHILIP D. AMEEN, JEFFREY A. BADER, SAMUEL MINZBERG, NANCY G. MISTRETTA, RAYMOND K. F. CH'IEN, VINCENT HOI CHUEN CHENG, DAVID G. ELDON, ALEXANDER A. FLOCKHART, GWYN MORGAN, N. R. NARAYANA MURTHY, DONALD K. BOSWELL, FRANCES D. FERGUSSON, ULRIC S. HAYNES, JR., and PETER KIMMELMAN,
Defendants,
- and -
HSBC HOLDINGS PLC, HSBC BANK USA, N.A., HSBC NORTH AMERICA HOLDINGS, INC., and HSBC USA INC.,
Nominal Defendants.

Index No. 602052/2014

NOTICE OF SETTLEMENT OF DERIVATIVE ACTION, SETTLEMENT FAIRNESS HEARING AND RIGHT TO APPEAR OR OBJECT

TO: ALL PERSONS OR ENTITIES WHO HOLD OR BENEFICIALLY OWN, DIRECTLY OR INDIRECTLY, THE ORDINARY SHARES OF HSBC HOLDINGS PLC ("HSBC HOLDINGS") AS OF JULY 20, 2020 (THE DATE OF THE HEARING ORDER)

YOU ARE HEREBY NOTIFIED that a hearing will be held before the Supreme Court of the State of New York, Tenth Judicial District, Nassau County (the "Court"), at 100 Supreme Court Drive, Mineola, New York 11501, on October 19, 2020 at 10:00am (the "Fairness Hearing") to determine: (1) whether the proposed Stipulation of Settlement ("Settlement Agreement") of the above-captioned shareholder derivative action (the "Action") should be approved by the Court as fair, just, reasonable and adequate; (2) whether the Plaintiffs fairly and adequately represent the similarly situated Shareholders in enforcing the rights of the Nominal Defendants, as defined below; and (3) whether the Action should be dismissed with prejudice.

The terms and conditions of the proposed Settlement are summarized in this Notice and set forth in full in the Settlement Agreement.

- The Settlement Agreement resolves the Action filed on behalf of HSBC Holdings, HSBC Bank USA, N.A., HSBC North America Holdings, Inc., and HSBC USA Inc. ("Nominal Defendants") by Shareholders of HSBC Holdings over whether the above-named individual defendants, who are present and former members of the Nominal Defendants' Boards of Directors ("Individual Defendants"), breached their fiduciary duties to the Nominal Defendants and wasted their corporate assets.
- The Settlement Agreement provides that the Individual Defendants and/or the Nominal Defendants shall cause their insurers to pay US$72,500,000.00 ("Monetary Consideration") for the benefit of the Nominal Defendants and that HSBC Holdings will adopt the corporate governance changes outlined in the Settlement Agreement ("Corporate Governance Enhancements"), which may be obtained by contacting a representative of Plaintiffs' Counsel.
- If the Settlement Agreement is approved, your legal rights as a Shareholder will be affected whether you act or do not act. Please read this Notice carefully.
- This Action is a derivative action brought on behalf of the Nominal Defendants and not on behalf of the Shareholders. Accordingly, there is no claim form.
- ***This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in the Action or the fairness or adequacy of the proposed settlement.***

Statement of Background of the Case

On May 7, 2014, plaintiff Michael Mason-Mahon ("Mason-Mahon") filed a complaint, on behalf of the Nominal Defendants, against the Individual Defendants (the "Complaint"). The Complaint alleged that the Individual Defendants breached their fiduciary duties and wasted corporate assets by failing to exercise reasonable and adequate oversight over the Nominal Defendants in order to prevent the conduct described in certain agreements entered into with government regulators in the United States. On February 6, 2015, Mason-Mahon filed an amended complaint (the "Amended Complaint"). On November 19, 2015, the Court granted the Nominal Defendants' motion to dismiss on the ground that Mason-Mahon had failed to satisfy the judicial-permission requirement of the United Kingdom Companies Act 2006 (the "U.K. Companies Act"). Mason-Mahon timely appealed from that dismissal. On November 14, 2018, in *Mason-Mahon v. Flint*, 166 A.D.3d 754 (2d Dep't 2018), the Appellate Division reversed the dismissal of the Amended Complaint. Relying on the New York Court of Appeals' decision in *Davis v. Scottish Re Group Ltd.*, 30 N.Y. 3d 247 (2017), the Appellate Division held that the judicial-permission requirement of the U.K. Companies Act is a procedural rule that does not apply in derivative actions filed in New York courts. *Mason-Mahon*, 166 A.D.3d at 756-57. The Appellate Division thereafter denied Nominal Defendants' motion for reargument or, in the alternative, for certification to appeal to the Court of Appeals. On February 15, 2019, the Defendants filed a new motion to dismiss the Complaint. On June 5, 2019, Mason-Mahon filed a motion to strike the Defendants' new motion to dismiss.

In light of the burden and uncertainty of the litigation, the Parties agreed to begin settlement discussions. On January 23, 2020, the Parties, through their respective counsel, with the assistance of a private mediator, reached an agreement in principle to resolve the Action. On February 19, 2020, a motion to amend the Amended Complaint to add Plaintiffs, and to remove certain individuals previously named as defendants, was filed with the Court. Mason-Mahon opposed that motion. On March 9, 2020, the Court granted the motion to amend, with all parties reserving all rights with respect to the amendment in the event that the parties could not reach (or the Court does not approve) a final settlement of the Action as contemplated hereby. On June 2, 2020, Plaintiffs filed the Second Amended Complaint.

Reason for the Settlement Agreement

The principal reason for the Settlement Agreement is the Monetary Consideration being paid for the benefit of the Nominal Defendants and the Corporate Governance Enhancements. These benefits must be compared to the costs to the Nominal Defendants of litigation and the risk that no recovery or relief might be achieved after a contested trial and likely appeals, possibly years into the future. Except as otherwise required by certain agreements entered into with government regulators, Defendants expressly deny any and all liability and any and all allegations of wrongdoing directed at them, and the Settlement is not an admission of any fault or liability of Defendants or the other Releasees.

Payment of Notice Costs

HSBC Holdings is assuming all responsibility for providing this Notice to its Shareholders and will be compensated for those costs from the Monetary Consideration.

Statement of Attorneys' Fees and Costs

As a unitary part of the Settlement Agreement, Plaintiffs will apply for the Court's approval, pursuant to New York Business Corporation Law Section 626(e), of an award to Plaintiffs' Counsel of their attorneys' fees in the amount of up to US$21,750,000.00 plus their actual costs and expenses. Defendants have agreed not to oppose such requests. The Settlement is not contingent on any decision by the Court with respect to Plaintiffs' application for attorneys' fees and costs.

Right to Object to the Settlement Agreement

If you are a Shareholder, you can object to the proposed Settlement Agreement if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement Agreement, and the Court will consider your views. To object to the proposed Settlement Agreement, you must send a signed letter stating that you object to the proposed Settlement Agreement. Your objection must include your name, address and telephone number, list how many ordinary shares of HSBC Holdings you currently hold, and should state the specific reasons, if any, for each such objection you make. Your written objection must also include written proof of standing to assert such objection. You may object either on your own or through an attorney hired at your own expense. If you hire an attorney, your attorney must file a notice of appearance with the Court and provide counsel for the Parties with copies of the notice at the below addresses no later than October 5, 2020. You or an attorney retained by you may, but is not required to, appear at the Fairness Hearing. If you or an attorney intends to appear at the Fairness Hearing, you or your attorney must file a notice of intent to appear with the Court and provide copies to counsel for the Parties at the below addresses no later than October 5, 2020. All objections and notices should be filed with the Court and simultaneously provided to counsel for the Parties by e-mail, facsimile, or next-day express delivery service at the following addresses:

COURT	NOMINAL DEFENDANTS' COUNSEL	INDIVIDUAL DEFENDANTS' COUNSEL
Clerk of the Court Supreme Court for the State of New York, Tenth Judicial District, Nassau County 250 Old Country Road, Mineola, NY 11501 PLAINTIFFS' COUNSEL Seth D. Rigrodsky Timothy J. MacFall Rigrodsky & Long, P.A. 825 East Gate Boulevard, Suite 300, Garden City, NY 11530 Facsimile: (302) 654-7530 Email: sdr@rl-legal.com Email: tjm@rl-legal.com Daniel Hume David A. Bishop Meghan J. Summers Kirby McInerney LLP 250 Park Avenue, Suite 820, New York, NY 10177 Facsimile: (212) 751-2540 Email: dhume@kmllp.com Email: dbishop@kmllp.com Email: msummers@kmllp.com	Richard C. Pepperman, II Judson O. Littleton Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004 Facsimile: (212) 558-3588 Email:peppermanr@sullcrom.com Email: littletonj@sullcrom.com Nicholas A. Gravante, Jr. David A. Barrett Helen M. Maher Boies Schiller Flexner LLP 55 Hudson Yards, 20th Floor New York, NY 10001 Facsimile: (212) 446-2350 Email: ngravante@bsfllp.com Email: dbarrett@bsfllp.com Email: hmaher@bsfllp.com	Scott A. Edelman George S. Canellos Jed M. Schwartz Katherine Kelly Fell Milbank LLP 55 Hudson Yards New York, NY 10001 Facsimile: (212) 530-5219 Email: sedelman@milbank.com Email: gcanellos@milbank.com Email: jschwartz@milbank.com Email: kfell@milbank.com

The Court may change the date of and time of the Fairness Hearing. If you have objected and want to attend the hearing, you should contact a representative of Plaintiffs' Counsel.

Further Information

Further information regarding the Action and this Notice, including questions about the settlement of the Action or copies of the Settlement Agreement and accompanying exhibits, may be obtained by contacting a representative of Plaintiffs' Counsel: Timothy J. MacFall, Rigrodsky & Long, P.A., and Meghan J. Summers, Kirby McInerney LLP.

Effect of Court Approval of the Settlement Agreement

If the Settlement Agreement is approved by the Court, the Court will enter a Final Judgment that, among other things, will provide that Plaintiffs, and the Nominal Defendants shall release and discharge the Nominal Defendants, the Individual Defendants and the other Releasees in accordance with the terms of the Release contained in the Settlement Agreement. It is the intent of the Parties to the Action that the Settlement Agreement, if approved, shall extinguish for all time all rights, claims and causes of action that were or could have been asserted in the Action or that relate to such claims against the Releasees. The Court will dismiss the Action with prejudice on the merits with respect to all Releasees.

Conditions for Settlement

The Settlement is conditioned upon the occurrence of certain events. Those events include, among other things: (1) entry of the Judgment of the Court, as provided for in the Settlement Agreement, and (2) the Judgment becoming Final. If for any reason, any of the conditions described in the Stipulation is not met, the Settlement Agreement might be terminated and, if terminated, will become null and void, and the Parties to the Settlement Agreement will be restored to their respective positions as of the date settlement discussions began.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE OR ANY REPRESENTATIVE OF HSBC REGARDING THIS NOTICE

Dated: July 20, 2020

By Order of the Supreme Court for the State of New York, Tenth Judicial District at Nassau County

Google Fitbit Bid Faces Hurdle

EU antitrust regulator launches investigation into how company would use health data

By Valentina Pop

GREGORY BULL/ASSOCIATED PRESS

The planned deal raises prvacy concerns. A Fitbit is worn by a transit worker in San Diego.

BRUSSELS—Google's plan to buy health tracker **Fitbit** is facing monthslong delays after the European Union's antitrust enforcer launched an in-depth inquiry, echoing recent concerns raised by Australian regulators.

Google's planned $2.1 billion bid for the California-based fitness-and-health data tracker was announced in November, as the search engine seeks to increase its market share in the wearable and health data businesses.

The announcement caused an uproar among privacy and consumer protection groups, who have raised concerns over the prospect of Google adding sensitive health data to the personal profiles it aggregates from its services, including online searches and emails.

In a bid to allay those concerns, Google, which is owned by **Alphabet** Inc., has pledged to refrain from using any of the Fitbit data for advertising purposes.

But the European Commission, the European Union's top antitrust enforcer, on Tuesday said those assurances are insufficient to safeguard competition and started an in-depth inquiry into the planned deal. The commission's main issue is with health data consolidating Google's dominant position in the online advertising business, despite its commitment to keep Fitbit data separate.

The commission said the probe would examine potential data-aggregation issues the tie-up would raise in the digital health-care sector, and the potential impact it would have on rival wearable devices that use Google's Android operating system.

Google said the deal wouldn't harm competition. "This deal is about devices, not data," Google Senior Vice President Rick Osterloh wrote in a blog post.

He said the company will continue to work with regulators to answer their questions.

The European probe comes just days before the Australian Competition and Consumer Commission is due to give its verdict on the transaction. In June, the ACCC said the proposed deal could harm competition in health-data services and in the supply of wearable devices, while consolidating Google's dominant position in the online advertising market.

The U.S. Justice Department also is reviewing the planned acquisition of Fitbit, amid congressional scrutiny over Google's secret project to collect and analyze the medical health data of millions of Americans, as revealed by the Journal last year.

The Justice Department is separately preparing a range of antitrust lawsuits, with several state attorneys general, against the search engine.

Buying Fitbit would help Google catch up with Apple Inc., which owns a third of the wearable device market, followed by its Chinese rival Xiaomi Corp., Samsung Electronics and Huawei Technologies Co. Fitbit used to be the market leader, but by March it ranked fifth globally, according to data analytics firm IDC.

Engineer in Trade-Secrets Case Is Sentenced

By Preetika Rana

Anthony Levandowski, the engineer at the center of a yearslong legal battle between Google's self-driving unit and **Uber Technologies** Inc., was sentenced Tuesday to 18 months in prison on one count of stealing trade secrets.

The judge in the case temporarily suspended the incarceration because of the coronavirus pandemic, Mr. Levandowski's lawyer said.

Mr. Levandowski reached a deal with prosecutors in March, under which he pleaded guilty to the theft and attempted theft of trade secrets from Google's self-driving program "with the intent to use it to benefit someone other than Google," according to a legal filing at the time.

Mr. Levandowski left Google's self-driving unit, Waymo, in 2016 and helped start a company soon acquired by Uber.

Google parent **Alphabet** Inc. sued Uber in 2017, saying Mr. Levandowski stole more than 14,000 confidential files before leaving Google.

Waymo and Uber settled the lawsuit in 2018, but a judge in the case asked federal prosecutors to investigate Uber and Mr. Levandowski over possible trade-secret theft.

"Anthony deeply regrets his past decisions," his attorneys said. Mr. Levandowski is expected to return to court in February to determine when his prison term might begin, his lawyer said.

An Uber spokesman declined to comment on the sentencing.

Tuesday's sentencing resolves the criminal charges against Mr. Levandowski, who filed a lawsuit last month demanding a payout from Uber.

The Uber spokesman called the filing "desperate" and declined to comment further.

Game Boom Makes Up for Sony TV Lag

By River Davis

TOKYO—Profits from the videogame boom caused by people staying home are finding their way into the coffers of Japanese companies.

Sony Corp. said Tuesday sales and operating profit in the April-June quarter were roughly flat compared with a year earlier, despite red ink stemming from lower television and stereo sales. That was because videogame players flocked to its subscription service and downloaded more game updates.

Sony said it expected the PlayStation 5 machine, due for release late this year, to offset losses elsewhere and help the company record slight growth in sales this fiscal year.

Thanks to the first new PlayStation in seven years, "we expect to recover from the impact of Covid-19," said Chief Financial Officer Hiroki Totoki.

April-June revenue rose 2% to ¥1.97 trillion ($18.6 billion), while operating income fell 1% to ¥228 billion.

Global lockdowns and other steps that have led people to avoid outings have reinvigorated the $149 billion global games industry.

In Japan, home of Sony and **Nintendo** Co., sales of games and gaming devices reached the highest level since 2012 in the first half of this year, according to gaming sales data provider Famitsu.

The pandemic has also been a boon for Nintendo, which releases quarterly earnings on Thursday. The company's game "Animal Crossing: New Horizons" has struck a chord with gamers stuck indoors, selling 13.4 million copies in its first six weeks after going on sale world-wide March 20.

Also helping Nintendo recently is a recovery in production of its flagship Switch console.

Apple Marketing Head Steps Down From Role

By Sebastian Herrera

Phil Schiller, a close friend of Steve Jobs who helped remake **Apple** Inc. from a struggling computer maker into the world's largest company, is stepping aside as the tech company's head of marketing and will become an "Apple Fellow."

Mr. Schiller, who began working at Apple in 1987 before leaving and rejoining the company after Mr. Jobs returned in 1996, will continue to lead the App Store and Apple Events in his new role, and Greg Joswiak will become senior vice president of world-wide marketing, Apple said Tuesday.

Apple Chief Executive Tim Cook said Mr. Schiller will continue to provide "thought partnership" in his new role. "Phil helped make Apple the company it is today and his contributions are broad, fast and run deep," he said in a statement.

Mr. Schiller, 60 years old, said it was time for some "planned changes" in his life and that he wanted to make time for family, friends and personal projects. "I'll keep working here as long as they will have me," he said.

Mr. Joswiak has served in Apple leadership roles for more than 20 years, including as vice president of world-wide product marketing.

The transition from Mr. Schiller to Mr. Joswiak, often referred to as Joz, should be smooth as the two have worked together closely for years, said Tim Bajarin, who has covered Apple as an analyst for three decades.

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Marquis Who's Who is proud to honor its most distinguished listees based on their career longevity, philanthropic endeavors and lasting contributions to society. Out of 1.5 million biographees, only a small percentage are selected for the Albert Nelson Marquis Lifetime Achievement Award. Among that prestigious group, a handful are chosen to represent Marquis in The Wall Street Journal. It is our great pleasure to present them here. Congratulations to our prestigious listees!

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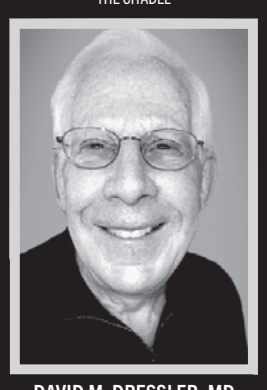

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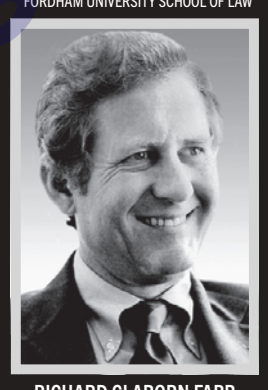

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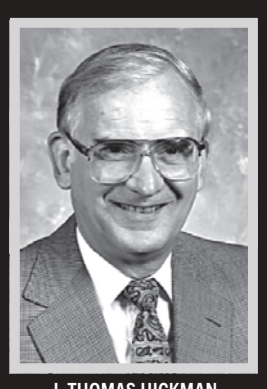

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Fox Chief Optimistic On Return Of Football

By Joe Flint And Kimberly Chin

Fox Corp. Executive Chairman and Chief Executive Lachlan Murdoch said he remained confident that both professional and college football would return next month, which is crucial to the bottom line of the media company.

"We fully expect both college football and the NFL to come back in the fall," Mr. Murdoch told investors on a call to discuss its quarterly earnings. Fox relies heavily on sports programming for both its broadcast network and its Fox Sports 1 cable channel.

Fox on Tuesday reported lower profit for its latest quarter, hit by a fall in advertising revenue amid a pandemic-related pullback in live sporting events.

The loss of sports this spring was felt at Fox Sports 1 and Fox, Mr. Murdoch said. The return of Nascar and baseball has been rewarded with strong advertising, he said.

The Fox News Channel delivered a strong quarter. Although some of its prime-time hosts, including Tucker Carlson and Laura Ingraham, have experienced advertiser boycotts, the Fox News Media unit—which includes the Fox Business Network—saw overall ad revenue rise, the company said.

"We're seeing tremendous demand in news," Mr. Murdoch said.

The company's affiliate revenues rose slightly due to contractual price increases, especially from distribution-agreement renewals. However, net subscribers declined. Revenue pulled slightly ahead of analysts' expectations of $2.39 billion, according to FactSet.

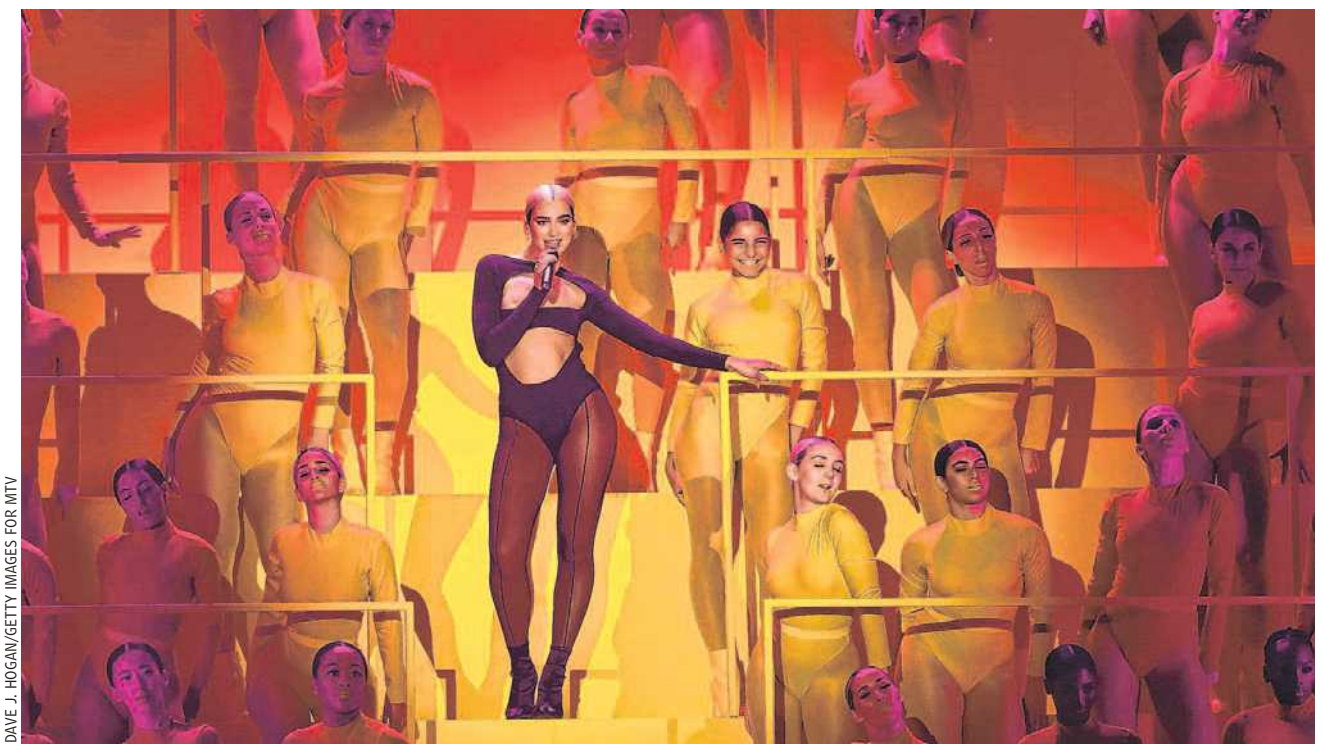
Fox said revenue fell 3.8% to $2.42 billion from a year earlier. Advertising revenue dropped 7.6%.

Fox and Wall Street Journal parent News Corp share common ownership.

Streaming Props Up Warner Music

After listing shares in June, company posts loss but executives signal their optimism

By Anne Steele



DAVE J. HOGAN/GETTY IMAGES FOR MTV

Digital downloads and streaming on services such as Spotify contributed 71% of total revenue. Warner Music recording artist Dua Lipa.

Warner Music Group Corp. swung to a loss in the most recent quarter, but revenue declined less than expected as streaming continued to surge despite the Covid-19 pandemic.

For the period ended June 30, digital revenue grew 11%, thanks to strength in streaming, the largest contributor to the top line and largely unaffected by the pandemic, Chief Executive Steve Cooper said on a call with investors. Listening on Spotify, Apple Music and other streaming services, as well as digital downloads, contributed 71% of total revenue, up from 61% a year ago.

Recorded-music revenue fell 5.7% as declines in physical sales, artist services and licensing revenue offset growth in streaming. Music publishing revenue grew 1.4% as digital revenue growth outweighed declines in royalties from the use of music in advertising and public settings such as gyms and bars, which were disrupted by fallout from the pandemic.

"We expect that for the most part these revenue streams will recover over time as businesses reopen and the economy normalizes," Mr. Cooper said.

Shares in the New York company, which listed on the Nasdaq at the beginning of June, fell 3.3% Tuesday.

Warner Music, the third-largest recorded music company, is parent to labels Atlantic Records, Elektra Records and Warner Records, and also is home to Warner Chappell, the third-largest music publisher. The company's top-selling artists in the period included Dua Lipa, Roddy Ricch, Lil Uzi Vert, Tones And I, and Ed Sheeran.

Mr. Cooper said the absence of touring in the quarter—the main source of revenue for many musicians before the pandemic—has "crystallized our value" to artists, and "has provided for us the opportunity to pivot far more quickly into live streaming and virtual concerts."

In all for the quarter, revenue slipped 4.5% to $1.01 billion but topped the FactSet consensus estimate of $980 million. Warner Music reported a loss of $520 million, or $1.03 a share, compared with a profit of $13 million in the year-earlier period. The period included a $440 million charge associated with stock-based compensation, and $86 million in IPO-related expenses.

"Even if the pandemic continues longer than expected, we have all resources and resilience needed to weather the storm," said finance chief Eric Levin on the call. "Our biggest source of revenue, streaming, is hugely resilient."

Walmart's Top Health-Care Executive Departs

By Sarah Nassauer

An executive leading **Walmart** Inc.'s health-care ambitions is leaving the company, people familiar with the matter said, as the retailer navigates the operational complexity of the coronavirus pandemic.

Sean Slovenski, senior vice president and president of health and wellness for Walmart U.S., is leaving as soon as this week, one of the people familiar with the situation said. Walmart confirmed that Mr. Slovenski will leave.

"We are excited to continue building and expanding on what he created at Walmart," Walmart U.S. Chief Executive John Furner said in a memo to staff Tuesday evening. Walmart will name a new leader for the health and wellness unit in the coming weeks, the memo said.

Mr. Slovenski joined Walmart two years ago, tasked with implementing an expansion of the company's health-care initiatives, including new clinics, as the retailer looks for ways to further compete with Amazon.com Inc., and to build new sources of profitable revenue.

Since last fall, Walmart has opened clinics at a handful of stores with doctors and dentists that offer flat-fee primary care, such as $25 dental X-rays and $40 office visits. In an interview last year, Mr. Slovenski said the company planned to expand the clinics broadly across Walmart's 4,700 U.S. stores.

Beyond clinics, Walmart has expanded into health care in new ways in recent months due to the coronavirus pandemic, opening over 100 Covid-19 testing locations in store parking lots and considering ways to test its 2.2 million global workers for the illness.

Mr. Slovenski's departure raises questions about Walmart's future health-care efforts. Walmart CEO Doug McMillon has said health care is a significant pillar of the company's growth strategy in recent presentations to investors. Mr. Slovenski "and his team have successfully stood up the strategy we hired him to create," Mr. Furner said in the memo to staff.

Many retailers are trying to expand into health care. Drugstore chains Walgreens Boots Alliance Inc. and rival CVS Health Corp. are in a race to become go-to treatment centers, particularly for patients with costly, hard-to-manage chronic conditions. Last month, Walgreens said it would attach doctors' offices to hundreds of drugstores as the pharmacy chain seeks to remodel itself as a health-care provider.

Walmart has laid off over 1,000 corporate employees in recent days, part of a wide reorganization of its U.S. business structure under Mr. Furner, according to a person familiar with the figure.

A spokeswoman for Walmart declined to comment on the quantity of jobs cuts.

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CAREERS

Interested candidates send resume to: Google LLC, PO Box 26184 San Francisco, CA 94126 Attn: V. Cheng. Please reference job # below:

Software Engineer positions (New York, NY) Design, develop, modify, and/or test software needed for various Google projects. Exp Incl:

#JUNE2020NYC-J02 (Multiple Positions); C, C++, Java, JavaScript, Objective-C, Cocoa, HTML, or CSS; oo analysis & design; & adv algorithms, multi-threading, mach learning, artificial intelligence, data mining, APIs, natural lang processing, or MapReduce.

#JUNE2020NYC-J04 (Multiple Positions); C++ or Java; distrib syst or multithreading; & mach learning, mapreduce, or API dev.

Technical Program Specialist (Multiple Positions); New York, NY; Ensure that the technical aspects of Google programs satisfy the business needs of Google's clients and users. #JUNE2020NYC-TPS Exp Incl: Coordination of technical projects or programs; C++, C#, CSS, HTML, Java, Javascript, Perl, Python, Shell, or XML; and databases, data warehousing, information retrieval, or SQL.

Interaction Designer (Multiple Positions); New York, NY; Define the user model and user interface for new and existing Google products and features. #JUNE2020NYC-ID Exp Incl: Interaction design, UX design, UI design, user-centered design, visual design, graphic design, desktop application design, web application design, mobile application design, motion design, industrial design, or accessibility design; HTML, HTML5, CSS, JavaScript, Java, C++, Objective-C, Python, PERL, PHP, REST, or JSON; and OmniGraffle or Adobe Suite products.

Quantitative Analyst (Multiple Positions); New York, NY; Research methods for improving Google technology. #JUNE2020NYC-QA Exp Incl: Optimization methods, quantitative analysis, statistical analysis, or statistical modeling; databases, data mining, data analysis, or SQL; and C++, Java, Javascript, MATLAB, Perl, Python, R, SAS, S Plus, or Shell.

Business Systems Analyst (Multiple Positions); New York, NY; Integrate Google technology into client systems in such a way that satisfies the needs of the business. #JUNE2020NYC-BSA Exp Incl: Bash, C, C++, HTML, Java, JavaScript, Perl, Shell, Python, XML, or CSS; collection of software requirements, development of business applications, integration of software applications, creation of software platform components, or implementation of software applications; and databases, data warehousing, data analysis, or SQL.

Product (Program) Specialist (Multiple Positions); New York, NY; Ensure that Google technology programs satisfy the business needs of internal and external users. #JUNE2020NYC-PPS Exp Incl: information gathering, information retrieval, data mining, statistical analysis, qualitative analysis, or object oriented programming; operations planning, supply chain management, sales planning, market analysis, or technical sales support; project management; and product strategy, product management, or program management for technology-based products.

CAREERS

Assistant Vice President

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Interested candidates send resume to: Google LLC, PO Box 26184 San Francisco, CA 94126 Attn: V. Cheng. Please reference job below:

Software Engineer (Madison, WI) Design, develop, modify, &/or test software needed for various Google projects. #1615.46110 Exp Incl: C, C++, Java or C#; Javascript, HTML, & CSS; OO analysis & design; Asynchronous programming & polling; SQL & Oracle database systems; Mach learning & Big data processing; Algorithms & multi-threading; Parallel Programming; & Software design, implementation, & testing.

CAREERS

Interested candidates send resume to: Google LLC, PO Box 26184 San Francisco, CA 94126 Attn: V. Cheng. Please reference job # below:

Software Engineer (New York, NY) Design, develop, modify, &/or test software needed for various Google projects. #1615.36380 Exp Incl: Java, C, C++, Python, or GO; web application dev, mobile app dev, or security software dev; Unix or Linux; & distributed & parallel systems, mach learning, information retrieval, or natural lang processing.

Strategy and Operations Associate Lead (New York, NY) Ensure that the technical aspects of Google programs satisfy the business needs of Google's clients & users. #1615.47774 Exp Incl: Data mining using SQL or Python; statistical modeling; present technical subject matter to non-tech audiences; BI tools, databases, PowerPoint, & Excel; & coordinate operational & strategic initiatives.

Media Account Specialist (New York, NY) Design systems & procedures for business operations & strategy projects defined by Google's management teams. #1615.25841 Exp Incl: marketing analysis; analyzing large datasets & process them to actionable insights; strategic & operational sales initiatives, quantitative analysis & conducting industry research; return on investment, financial modeling, or statistical analysis; consulting, investment banking, business strategy, or project mgmt in a tech company; & product or business strategy.

Systems Administrator (New York, NY) Design, develop, test, & maintain the network & computer systems for Google. #1615.24844 Exp Incl: Unix & Linux; Shell Scripting & Python; Building, manage, & optimize compute clusters using cloud platforms; Red hat, Mac OS X, & Debian; Implement, troubleshoot, & support Internet-based apps & web servers; & TCP & IP networking.

User Experience Researcher (New York, NY) Analyze user experience data in connection with Google products. #1615.45587 Exp Incl: Moderated research methods, interviews, usability testing, focus group, & eye tracking; Unmoderated research methods, card sorting, or tree testing; Longitudinal research, diary study, & experience sampling; Design & field surveys with tools Qualtrics or SurveyMonkey; Data analysis & visualization, SQL, R, or Python; & Statistics, experimental design, benchmarking, & A/B testing. Trvl Req'd.

Product Specialist (New York, NY) Oversee products from inception all the way through several iterations of launch. #1615.46347 Exp Incl: marketing analysis; complex analytics & present compelling insights to sr mgmt; using mache learning & AI technologies to define product requirements; quantitative analysis; & business strategy, or project mgmt experience in a technology company. Trvl Req'd.

Sales Engineer (New York, NY) Ensure Google technology satisfies the business needs of internal & external users. #1615.50710 Exp Incl: SQL queries & Shell scripting in Linux environment; provide technical support & sales expertise to pre & post sales situations; formulate technical strategies & tactics for sales; prepare detailed product specifications & customer needs assessments & develop potential solutions; & conduct sales presentations & product demonstrations of company products.

Customer Engineer (New York, NY) Solve customers' business issues with Google technology & collaborate with sales teams to understand & meet customer requirements for Google. #1615.54386 Exp Incl: define services from a business perspective, both with & without automation; design & manage complete enterprise solutions; compose an initial grouping of services in components, using principles based on objectives and constraints; lead operations relating to market development &/or service delivery; Technical Selling & Presentations; & Domain Driven Design, Cloud Native Transformation Strategy, Cloud Native Architecture (Microservices) & Cloud Native Delivery Engagement Mgmt. Trvl Req'd.

NOTICE OF SALE

UCC PUBLIC SALE NOTICE

PLEASE TAKE NOTICE that, due to certain defaults pursuant to the Credit Agreement (defined below) and the related loan documents (the "Loan Documents") and Article 9 of the Uniform Commercial Code as enacted in the State of New York (the "UCC"), Wilmington Trust, National Association, or its assignee, successor, designee or sub-agent (collectively, the "Agent"), in its capacity as agent under that certain Term Loan Credit Agreement, dated as of June 28, 2019 (the "Credit Agreement"), shall dispose of, by public sale (the "Auction"), the following (collectively, the "Collateral"):

(i) all right, title and interest in and to all of the equity interests in Terracore Operating Company LLC, a Delaware limited liability company (the "Borrower"), owned by Terracore Intermediate Holdings LLC, a Delaware limited liability company (the "Parent"), which interest is purported to constitute one hundred percent (100%) of the total outstanding membership interests in Borrower (the "Terracore Operating Membership Interests"), and

(ii) all of Parent's right, title and interest in that certain Global Intercompany Note, dated June 28, 2019, by and between Parent and Borrower.

The Borrower is an independent energy company engaged in revitalization of historic oil and natural gas properties with operations principally in Santa Barbara County, California, and its assets include oil and gas leases, oil and gas properties and equipment and cash and cash equivalents.

In light of local, state and/or federal COVID-19 related laws, rules and/or regulations (the "COVID-19 Rules") that may be in effect at the time of the Auction, the Auction will be held by video and teleconference (the site of which, shall be referred to as the "Virtual Auction Site") and, if permitted by COVID-19 Rules, concurrently in person (the site of which shall be referred to as the "Physical Auction Site"), the details of each of which shall be available at the website of Braun International (the "Auctioneer") (https://www.braunco.com/worldbid/terracore-pledged-securities- auction/). If in-person attendance at the Physical Auction Site is prohibited by any COVID-19 Rules, the Auction will be conducted at the Virtual Auction Site only. For the avoidance of doubt, the Auction may be attended at the Virtual Auction Site regardless of whether the Auction is conducted in-person at the Physical Auction Site. Any person may attend the Auction, but only bidders that are eligible to bid at the Auction, as described in the Terms of Sale (defined below), will be permitted to participate in the Auction.

In addition to any other requirements referenced in this notice, there are specific requirements for any potential bidder in connection with obtaining information and bidding on the Collateral as further described in the terms of the Auction and the sale of the Collateral (the "Terms of Sale"), including but not limited to executing a confidentiality agreement, delivering a deposit and demonstrating the ability and financial wherewithal to consummate the sale.

The Collateral is offered **AS IS, WHERE IS, WITH ALL FAULTS**, and neither the Agent nor any person acting for or on behalf of the Agent makes any express or implied representation, warranty or guarantee of any kind or nature whatsoever. The Collateral will be sold without recourse of any kind. Each bidder must make its own inquiries concerning the Collateral. The Collateral will be sold as a block and not be broken down.

The Agent reserves the right to (a) terminate the sale, or adjourn the sale to such other date and time as the Agent may deem proper, by announcement at the place and on the date of sale, and any subsequent adjournment thereof, without further publication or notice, and (b) to make commercially reasonable amendments or include additional conditions to the Terms of Sale as the Agent may deem appropriate to facilitate a commercially reasonable sale of the Collateral or otherwise.

The Agent, on behalf of the secured parties under the Loan Documents, will be permitted to bid at the Auction and, notwithstanding any requirement herein that the sale of the Collateral be for cash, may credit bid all or any portion of the outstanding obligations due under the Loan Documents in accordance with the Terms of Sale.

This notice is for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any interests in any securities. Any such offering will be made only in compliance with applicable state and federal securities laws. The Terracore Operating Membership Interests are unregistered securities under the Securities Act of 1933, as amended (the "Securities Act"), the sale is being made in reliance upon federal and state exemptions for transactions not involving a public offering, and will be subject to transfer restrictions. The offering and sale of the Terracore Operating Membership Interests are being made only to investors reasonably believed to be "qualified institutional buyers" in reliance on Rule 144A under the Securities Act ("Rule 144A"). Because of this, each prospective bidder seeking to be a "Qualified Bidder", in accordance with the qualified bidder requirements, which may be obtained from the Auctioneer (a "Qualified Bidder"), shall be required, among other things, to execute and deliver to the Agent a "Qualified Bidder Certification" certifying, among other things, that such bidder: (i) will acquire the Collateral for investment purposes, solely for its own account and not with a view to distribution or resale; (ii) is a "qualified institutional buyer" within the meaning of Rule 144A; (iii) is an exempt institution under the laws of Alabama, California, Louisiana, Tennessee or Virginia; (iv) is able to bear the economic risk of holding the Collateral for an indefinite period (including total loss of their investment) and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of their investments; and (v) will not resell or otherwise hypothecate the Collateral without a valid registration under applicable federal or state laws, including without limitation the Securities Act, as amended, or an available exemption therefrom.

Any interested bidder can obtain access to the data room containing further information with respect to the Collateral, a proposed purchase agreement and other documents required to participate at the Auction and consummate the sale upon executing the confidentiality agreement and the Qualified Bidder Certification. For more information, including to request a confidentiality agreement, qualified bidder requirements, Qualified Bidder Certificate and the Terms of Sale and an access code for attending the Virtual Auction Site, please contact Todd Wohl at Braun International, Inc.: info@brauncо.com; or (866) 568-6638, ext 100.

CAREERS

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THE PROPERTY REPORT

PRIME AE

The project, which includes a football-themed water park, shows how some investors continue to be bullish on big resorts despite a pandemic and recession that have hit tourism.

Football's Disneyland Rises in Ohio

By Konrad Putzier

A former **Walt Disney** Co. executive, shrugging off the coronavirus pandemic and volatile capital markets, is pushing ahead with plans to build what he calls the Disneyland of football.

The resort is centered on the Pro Football Hall of Fame in Canton, Ohio. It is slated to include a football-themed water park, hotels, retail space, a research building and, ultimately, apartments.

The project's chief executive, onetime Disney executive Michael Crawford, and his investment group have already completed a stadium and sports complex on the site. They hope to break ground on the development's $300 million second phase later this year. Mr. Crawford declined to comment on the resort's total costs.

The project shows how some investors continue to be bullish on big resorts despite a pandemic and recession that have hit the tourism sector hard.

Walt Disney World in Orlando, Fla., closed in March and began a phased reopening in July at reduced capacity. Recently, the park has delayed the reopening of some resorts and attractions as Florida has grappled with rising infection rates from the new coronavirus that causes Covid-19. Hong Kong's Disneyland closed in mid-July, about a month after an attempted reopening, following a new Covid-19 outbreak in the city. It had initially closed in January. A number of theme parks in the U.S. remain closed, or partially reopened.

Mr. Crawford said he hopes that by the end of 2022—when the project's second phase is scheduled for completion—the pandemic will be over and football fans will be eager to travel again. "The people's hunger and desire to consume sports and be in environments like arenas and stadiums and destinations like this will be at an all-time high," he said. "We will be building in a down market and opening in an up market."

Mr. Crawford, who grew up in Ohio and roots for the National Football League's Cleveland Browns, spent 25 years at Disney. He was involved in developing theme parks in the U.S., Japan and China. When he took over the company behind the football project in 2018, he decided to break the resort plans into two phases, with apartments and more attractions to be added later.

The company building the project, Hall of Fame Resort & Entertainment Co., recently bought a hotel in downtown Canton that it is renovating. It also acquired a majority stake in a fantasy football league.

Mr. Crawford said he hopes branching out into sports betting and esports will help reassure investors at the same time hotels and theme parks are attracting few guests. He added that he plans to develop original content, including a television show about young football players trying to become professionals.

The main shareholders in Hall of Fame Resort & Entertainment are developer **Industrial Realty Group** LLC, the Hall of Fame and financial adviser **M. Klein** & Co.

Last month, Hall of Fame Resort & Entertainment raised capital through an unconventional method: It went public by merging with what is known as a blank-check company, **Gordon Pointe Acquisition** Corp. These companies are an increasingly popular tool for technology companies to go public without a cumbersome initial public offering, but are rarely used to fund real-estate developments.

The developers initially planned to raise between $60 million and $80 million, according to Mr. Crawford, but ended up raising just $31 million after some of the blank-check company's shareholders backed out of the deal during the pandemic.

"I think we were very lucky to retain the amount that we did," Mr. Crawford said. To cover the shortfall, he said he plans to raise more equity, possibly through the federal opportunity-zone program. He said that he is also in talks with banks over a construction loan of more than $200 million.

James Dolan, Gordon Pointe's founder, said he doesn't consider the merger a real-estate deal, in part because of the emphasis on esports and media production, and compared the new company to Disney.

Brookfield Ends Plan To Recycle Old Mall

By Esther Fung

Brookfield Property Partners is canceling plans to redevelop a former Vermont mall as an office and residential development, a sign that the slumping economy could be upending the firm's strategy of buying and repurposing faltering malls.

The giant real-estate firm became involved in the Burlington project in 2017. Brookfield demolished the shopping mall and planned to build apartments and a 10-story office tower. Last month, Brookfield said it is selling its interest in the project, now an empty site, to its local partner, **Devonwood Investors** LLC.

Brookfield has now deemed that the returns from the project are too low for it to remain involved, analysts said.

"We made a lot of progress over the past three years, completing the assembly of the site and progressing approvals, but the long-term nature of the next phase of this development doesn't fit with our funds mandate," said a Brookfield spokeswoman.

The move came as a surprise to Burlington's mayor, however, who called it a "breach of faith."

Brookfield's bet on malls puts it in contrast to many peers, which have avoided malls as consumers increasingly rely on e-commerce. Some big investors like Carl Icahn have been betting against malls, while others such as **Blackstone Group** Inc. have been wagering on retail by focusing on e-commerce fulfillment centers instead.

But Brookfield has continued to invest in shopping malls, including its 2018 deal to buy the two-thirds of real-estate investment trust GGP Inc. it didn't already own. That valued GGP's mall portfolio at around $15 billion. Brookfield owned 122 retail properties in the U.S. as of the end of March.

The real-estate firm didn't necessarily buy malls thinking that bricks-and-mortar shopping was on the mend. Brookfield felt it could transform tired malls into other uses like offices or apartments, with a smaller retail footprint. In an investor presentation in May 2018, Brookfield mentioned the Burlington site as one example.

Brookfield often touts its expertise in such mixed-use projects including Brookfield Place in Manhattan and is continuing renovations at Stonestown Galleria in San Francisco.

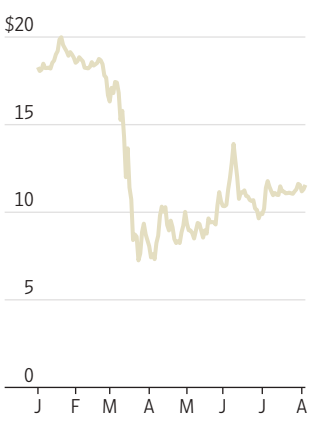
Terminating its plans in Vermont, however, marked the rare time it has pulled out. Property analysts said it suggests that Brookfield's repurposing strategy might not work as well during tougher economic times.

With owners able to collect only around 30% to 70% of rent from mall and open-air center tenants, respectively, they are curtailing their expenses unless the projects are deemed essential, analysts said. **Simon Property Group** said in May it suspended or eliminated $1 billion of capital for development projects and will focus on projects nearing completion.

Brookfield executives briefed city officials in October on updated plans for the project, including converting the former Macy's store into a mix of retail and office use. As recently as January in a town hall meeting with the public, the executives also pledged to start construction in August.

The University of Vermont Medical Center had committed to relocate its business office to the new project.

Brookfield Property Partners's share-price performance



Source: FactSet

Coronavirus Squeezes Urban Office Markets

By Konrad Putzier And Mark Maurer

Urban office markets and other commercial real estate in major cities are experiencing their worst stretch in decades, upended by the pandemic, changes in work behavior and struggling city economies.

Tourism in most cities has slowed to a trickle, business travel and meetings have all but dried up, and retail sales have plummeted as shoppers stay home. Protests against police brutality and systemic racism have also caused nervous storefront owners to keep their properties boarded up. Cities from Chicago to Houston have suffered a jump in homicides and shootings this summer.

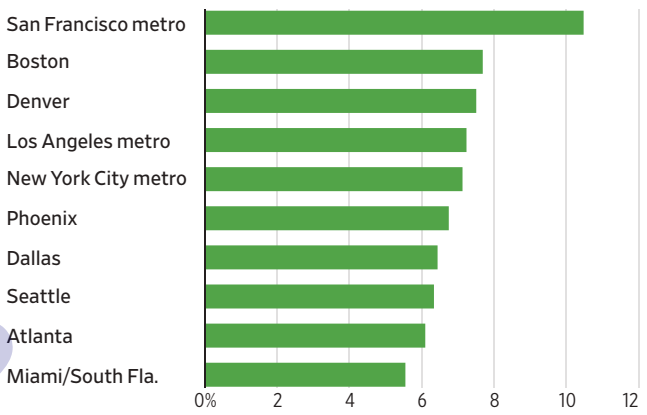
The combination of these forces has led some property investors to fear an urban malaise not seen since the 1980s, though others contend these fears are overblown and it is too soon to determine whether many companies or young professionals will exit cities once the pandemic eases.

Yet some pain is already being felt. After closures of urban hotels and retail stores in recent weeks, property analysts worry that the office sector could be next to feel the pinch.

An increasing number of companies are opting to let more employees work remotely. That is a direct blow to office-building owners, as companies look for fewer and shorter leases. But it is a potential hit to big cities, too. Given the prospect of working remotely at home, some city residents have already started looking to move somewhere cheaper and with more space, real-estate agents say.

While office buildings won't close as quickly as restaurants or shops, even a modest drop in office occupancy tends to generate a big drop in profit. That is in part because the cost of paying for heat, electricity and building staff usually stays about the same even when revenue falls.

Average annual growth of office, industrial and retail real-estate prices, June 2010-June 2020



Source: Real Capital Analytics

Some analysts expect office-building values to fall nearly as fast as those of other commercial real estate. Moody's Analytics REIS estimates that the value of office buildings across the U.S. will fall by 17.2% in 2020. That is not far from the estimated 19.2% drop for retail and Moody's forecast for a 20.5% drop in lodging.

Not all the news for office owners is bad. Long-term interest rates continue to be low, and real-estate funds are sitting on huge amounts of capital waiting to be spent. Office leases tend to lock tenants in for many years, so it may take a while for revenue to drop. Property owners are also less indebted on average than in past crisis periods, most recently 2008. But stock-market investors have been selling office owners and show no sign of reversing course, even with the broader market's recovery. Shares of **Boston Properties** Inc., **SL Green Realty** Corp. and **Vornado Realty Trust** are down between 37% and 50% this year, while the S&P 500 index is essentially flat.

Commercial property values in major cities also tumbled after the 2008 financial crisis. U.S. commercial real-estate prices fell by 35% between August 2007 and June 2010, according to Real Capital Analytics. Then a steady influx of new companies and well-paid young professionals—attracted to the energy, job opportunities and cultural attractions of urban life—fueled a surge in property values in subsequent years.

The slide after 2008 was a valuation crisis, said James Shevlin, president of commercial real-estate firm CWCapital. Most buildings continued to produce steady income, but property values fell as capital markets seized up, leaving overleveraged owners unable to refinance their mortgages.

Today, the industry faces a liquidity crisis, Mr. Shevlin said, leaving many property owners without the cash to make their monthly mortgage payments.

"If we can't figure this stuff out by the end of the year," he said, "then we're going to have some problems."

A big drop in profit tends to lead to an even bigger drop in property values during market downturns, when investors are skittish about any sign of distress. Victor Calanog, head of commercial real estate economics at Moody's Analytics REIS, found that during past recessions, any 10% drop in an office building's net income before taxes and mortgage costs led to a 12.2% drop in property value on average.

"Losing one tenant that occupies 30% of your space might have a very big multiplier effect on your income that puts you underwater really quickly," Mr. Calanog said.

A pair of office towers in downtown Denver owned by investment firm Gemini Rosemont with a large number of energy companies as tenants is trying to avoid that fate.

While occupancy has shrunk by about a third in recent years, a measure of the Denver Energy Center's income as a share of debt costs fell by about two-thirds, according to data company Trepp LLC. The biggest tenant's lease expires next year. In July, the property's $106.3 million mortgage was transferred to a special servicer, a company tasked with handling troubled debt, Trepp said.

Big companies, meanwhile, are looking to cut office space. **Heidrick & Struggles International** Inc., a Chicago-based executive-search firm, wants to reduce its U.S. real-estate footprint of about 230,000 square feet across 15 offices. The company is looking to combine offices, downsize or shut down city locations in a bid to save millions and boost efficiency, Chief Financial Officer Mark Harris said in an interview.

"It's really about not spending money needlessly where you don't need to, so you can invest back into your people," he said.

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Crisis Has Diverse Impact on Insurers

Allstate's results helped by fewer accidents, Prudential's hurt by low rates

By Leslie Scism

Two giant sellers of insurance to consumers—**Allstate** Corp. and **Prudential Financial** Inc.—reported second-quarter results that reflected the far-ranging impact of Covid-19. Allstate's profit surged from fewer vehicle accidents on the road while ultralow interest rates weighed on Prudential.

The two insurers' results show the first full quarter of the new coronavirus's toll on the U.S. economy. Across all U.S. life and property-casualty insurers, analysts' and investors' focus has been on the costs that insurers are bearing—and the unexpected benefits some have enjoyed as business activity slowed under government shutdown directives.

Allstate's net income surged 49% to $1.2 billion from $821 million in the prior-year quarter, as the insurer, one of the five biggest U.S. car insurers by premium volume, enjoyed heady profit from fewer miles being driven. The trend emerged as government stay-at-home orders took effect near the end of the first quarter. While traffic volume increased significantly as some shutdown orders ended, traffic still remains below year-earlier levels in some parts of the country.

JEENAH MOON/BLOOMBERG NEWS

While traffic volume increased significantly as some shutdown orders ended, traffic still remains below year-earlier levels in some parts of the country. New York City in early June when it began reopening.

The mileage declines led Allstate, and many other big insurers, to announce plans in early spring for premium refunds to policyholders as credits on their April and May bills. Allstate's Shelter-in-Place Payback program was one of the first announced and ran through June, distributing approximately $1 billion in billed premiums.

Even after sending that money out the door, Allstate generated property-casualty underwriting income from both its car and home-insurance businesses of $904 million in the second quarter, an increase of $537 million over the prior-year quarter.

Early Tuesday, insurer USAA, a top-10 insurer by premium volume, said it is returning an additional $270 million in a dividend to auto-insurance policyholders. That brings to just over $1 billion the amount it has refunded in owed premiums. This new dividend will reflect 10% of up to two months' worth of premiums in June and July, it said.

The Newark, N.J.-based Prudential swung to a loss of $2.41 billion, or $6.12 a share, on mark-to-market adjustments of financial hedges that are related to interest rates and are valued quarterly. In its core businesses, Prudential raised prices on some products to compensate for the lower interest rates and took a $266 million charge to reflect the long-term impact of reduced investment returns.

Insurers earn much of their profit by investing customers' premiums until claims come due, much of it in high-quality conservative bonds. With lower interest rates, the firms earn less on their investment portfolios, and they sometimes need to charge customers more to make up for the difference.

Absent in Prudential's earnings release was any reference to Covid-19 death claims as a driving force in its lower year-over-year results. An outsize number of such claims was one of the originally anticipated big costs of the pandemic to U.S. life insurers. But deaths due to the pandemic haven't been a significant influence to date, insurance executives have said.

One factor is that many of the Covid-19 deaths have been of older people. People in their working years, who are among the chief customers of life insurance, haven't looked large in the fatality counts.

Charles Lowrey, Prudential's chief executive, said that more "aggressive repricing" of products to offset low interest rates is ahead, and the firm is exploring additional cost cutting.

This spring, Prudential was among a wave of insurers that suspended sales of some popular products, raised prices, scaled back policy sizes and reduced benefits.

Allstate said it paid out 83.9 cents of every $1 of premium in car-insurance claims and claims-handling costs in the most recent quarter, down from 92.8 cents in the year-earlier quarter. The improvement in profit "more than offset the negative pandemic impact on reported investment income and life mortality," the company said.

Consumer advocacy groups such as the Consumer Federation of America have decried car insurers' anticipated large profits this quarter as windfalls that should be distributed to consumers in far-bigger refund packages than have been generally announced.

Of such criticism and this quarter's robust profits, Allstate Chief Executive Tom Wilson said, "I don't think it was so abnormally high you would think it was unfair."

Variety of Tricks Used Vs. Twitter

Continued from page B1

edly specialized, according to security researchers.

A Twitter spokeswoman said the company hadn't relaxed its security controls during the coronavirus emergency.

Once inside Twitter, Mr. Clark allegedly gained the ability to bypass the company's security protections, setting the stage for an hourslong hack on July 15 that captivated the world's attention and held hostage the main communications tool of some of the most powerful people on the planet.

He was charged with compromising more than 100 social-media accounts and scamming both the Twitter account holders, and the approximately 400 people from whom Mr. Clark allegedly received money in a scam. Two others were also charged—Mason Sheppard, of Bognor Regis, U.K., and Nima Fazeli, 22, of Orlando, Fla.—in connection with the hack. Mr. Sheppard was 19 when he was charged Friday.

Mr. Sheppard and Mr. Fazeli's lawyer didn't return messages seeking comment.

The tactics that Mr. Clark allegedly used have been honed in recent years with remarkable tenacity by a community of teenagers and young adults. The practitioners cut their teeth in the antics of online gaming, where stealing one another's Xbox or PlayStation gaming accounts is counted as a harmless prank, according to investigators and security experts.

Over the past five years, the activity has mushroomed into an online threat that has affected thousands of victims and led to tens of millions of dollars in losses, according to security researchers and investigators. And now, it has captured the attention of the Federal Bureau of Investigation, the Secret Service and local law enforcement.

While the bulk of account-takeover activity flies under the radar, it has morphed in recent years into something more sinister, said Allison Nixon, chief research officer at cyber services company Unit 221b. The most aggressive of these hackers take online harassment to extraordinary lengths, such as telling police that a hostage situation is under way at the home of an enemy so a SWAT team will be called in, or hacking phones and blackmailing users with nude photos. "There is no line that these people won't cross," she said.

Security professionals and law-enforcement officials believe the hack could have been far more damaging than it was, such as if the perpetrators had used the hacked accounts to release false news claiming to be from corporations. Mr. Clark allowed some associates to sell access to Twitter accounts, including 17 from famous individuals and companies to promote a bitcoin scam that earned about $117,000, prosecutors say.

Twitter says it has now beefed up its internal security. "Since the attack, we've significantly limited access to our internal tools and systems," the company said in a blog post last week.

TAMPA BAY TIMES/ZUMA PRESS

Graham Ivan Clark, 17, made a court appearance by video Saturday on charges of compromising over 100 accounts.

Mr. Clark spent a lot of time online playing videogames and was accused in online forums of reneging on business deals, said Ms. Nixon, who has tracked the account-takeover hackers since 2013. "He had this pattern where he would not only scam people but also falsely accuse people of scamming," she said. His lawyer declined to comment on Ms. Nixon's findings.

A user linked to Mr. Clark's online accounts once described himself as "a full time crypto trader dropout" and said cryptocurrency was "pretty much my entire life."

In an unrelated investigation, authorities searched Mr. Clark's residence last August, seizing his computers and freezing approximately 300 bitcoin, or $3.4 million at Monday's rates, in digital currency, according to Mr. Weisbrod, who declined to comment on the nature of the investigation. Mr. Clark paid 100 bitcoin to authorities to resolve the matter with no admission of wrongdoing, Mr. Weisbrod said.

At the center of the Twitter hack was an online forum known as OGUsers.com. Since its launch in 2017, OGUsers has emerged as a marketplace where members buy and sell software, cheat codes for videogames and an unusual but highly coveted online asset—cool-sounding and hard-to-obtain usernames on gaming and social-media services.

Work-from-home rules created an ideal environment for bypassing security.

An example would be a one-letter account, or an account such as @6, the kind of account that could only have been registered by an early user of the service—an "OG," or "original gangster." Some of these OG accounts are inactive, but others are stolen from active users.

The site describes itself as "a community driven digital marketplace that connects buyers and sellers from all around."

OGUsers didn't respond to a request for comment.

In mid-July, a longtime middleman on the site for buying and selling who used the handle "lol" reached out to Mr. Sheppard, who lives with his mother in the British coastal town of Bognor Regis, according to an interview Mr. Sheppard conducted with The Wall Street Journal just days after the hack. He didn't respond to messages seeking comment in recent days.

Both were trusted brokers on the site for buying and selling user accounts on various platforms, according to charging documents and Mr. Sheppard's account of the incident.

Someone named "Kirk" on OGUsers was claiming to work for Twitter and said he could help sell control of Twitter accounts to buyers, "lol" told Mr. Sheppard.

Investigators say that "Kirk" was Mr. Clark.

After "Kirk" gave a demonstration of his ability to gain control over Twitter accounts, Mr. Sheppard and "lol" agreed to act as brokers, Mr. Sheppard said. The group communicated over Discord, a communication platform popular in the gaming community, to connect and discuss plans.

Mr. Sheppard said in the interview with the Journal that he spent the morning of July 15 brokering as many as eight deals between buyers and "Kirk," with some going for as high as $10,000.

Initially, the account-takeover efforts didn't revolve around high-profile "verified" usernames or celebrity accounts. They were "rare and original usernames such as @L, @bitch, and @w," according to court filings.

The first account takeover that Mr. Sheppard brokered was for the Twitter account @anxious, an account that "hadn't been used in a decade," he said. @anxious has since been suspended by Twitter.

As the day progressed on July 15, Mr. Clark allegedly escalated the nature of the scam, according to investigators, taking over accounts of people such as Bill Gates and Amazon.com Inc. Chief Executive Jeff Bezos and offering to send people double the funds they sent to a bitcoin account.

When Mr. Sheppard and "lol" realized the gravity of the Twitter hack, they sought out help connecting with reporters to clear their names, Mr. Sheppard said.

Mr. Sheppard now faces up to 45 years in federal prison if convicted on fraud and hacking charges. Mr. Fazeli faces up to five years in prison if convicted, according to the criminal complaint. Mr. Clark faces 30 felony counts.

On OGUsers this week, many commenters poked fun at those involved in the scam, questioning why they used Discord to send text messages that are visible to Discord administrators, as they aren't fully encrypted.

Many also made jokes questioning how many new OGUsers members were actually FBI agents hunting for evidence.

"Just wondering how many feds are actually here now," one user wrote on a thread with the subject line "RATIO OF FEDS TO SELLERS?"

—Jenny Strasburg and Jim Oberman contributed to this article.

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Tuesday, August 04, 2020

Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5YR	5YR
National average									
Savings	0.10	0.07	0.07	0.11	0.17	0.25	0.29	0.24	0.41
Jumbos	0.22	0.08	0.08	0.12	0.18	0.28	0.32	0.26	0.44
Weekly change									
Savings	-0.01	0.00	0.00	0.00	0.01	-0.01	-0.01	-0.01	-0.02
Jumbos	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01

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Bank Phone number	Minimum	Yield (%)
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Vio Bank (888) 999-9170	$100	1.05
Ally Bank (877) 247-2559	$0	1.00
Capital One (877) 514-2265	$0	1.00
One-month CD		
VirtualBank (877) 998-2265	$10,000	0.60
Lone Star Bank (713) 358-9400	$1,000	0.20
State Bank of India California (877) 707-1995	$1,000	0.15
Two-month CD		
VirtualBank (877) 998-2265	$10,000	0.60
Lone Star Bank (713) 358-9400	$1,000	0.20
State Bank of India California (877) 707-1995	$1,000	0.15
Six-month CD		
Sallie Mae Bank (877) 346-2756	$2,500	0.75
VirtualBank (877) 998-2265	$10,000	0.75
Live Oak Bank (866) 518-0286	$2,500	0.70
One-year CD		
Sallie Mae Bank (877) 346-2756	$2,500	1.05
Connexus Credit Union (800) 845-5025	$5,000	1.01
Ally Bank (877) 247-2559	$0	1.00
Two-year CD		
Connexus Credit Union (800) 845-5025	$5,000	1.11
First Internet Bank of Indiana (888) 873-3424	$1,000	1.06
Comenity Direct (833) 755-4354	$1,500	1.05
Three-month CD		
VirtualBank (877) 998-2265	$10,000	0.60
BrioDirect (877) 369-2746	$500	0.50
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Five-year CD		
Connexus Credit Union (800) 845-5025	$5,000	1.56
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CFG Community Bank (888) 205-8388	1.10
CIT Bank (855) 462-2652	1.00
One-month CD	
VirtualBank (877) 998-2265	0.60
Lone Star Bank (713) 358-9400	0.20
State Bank of India California (877) 707-1995	0.15
Two-month CD	
VirtualBank (877) 998-2265	0.60
Lone Star Bank (713) 358-9400	0.20
State Bank of India California (877) 707-1995	0.15
Three-month CD	
VirtualBank (877) 998-2265	0.60
BrioDirect (877) 369-2746	0.50
Ally Bank (877) 247-2559	0.35
Six-month CD	
Sallie Mae Bank (877) 346-2756	0.75
VirtualBank (877) 998-2265	0.75
Live Oak Bank (866) 518-0286	0.70
One-year CD	
Sallie Mae Bank (877) 346-2756	1.05
Connexus Credit Union (800) 845-5025	1.01
Ally Bank (877) 247-2559	1.00
Two-year CD	
Connexus Credit Union (800) 845-5025	1.11
First Internet Bank of Indiana (888) 873-3424	1.06
Comenity Direct (833) 755-4354	1.05
Five-year CD	
Connexus Credit Union (800) 845-5025	1.56
Home Savings Bank (801) 487-0811	1.35
First Internet Bank of Indiana (888) 873-3424	1.26

Notes: Accounts are federally insured up to $250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410
Internet: www.bankrate.com

KKR Profit Rebounds From Pandemic Shock

By Miriam Gottfried And Matt Grossman

KKR & Co. on Tuesday said its second-quarter profit rose year over year, marking a recovery for the private-equity firm after it logged a large first-quarter loss amid the market turmoil sparked by the coronavirus pandemic.

The company posted a second-quarter profit of $707 million, or $1.24 a share, compared with a profit of $522.7 million, or 93 cents a share, in the same quarter a year ago.

KKR, which had recorded a loss of $1.28 billion in the first quarter, said its private-equity funds returned 11% in the second quarter as the broader market staged a comeback. The S&P 500 rose by 20% during the second quarter.

The firm's leveraged credit business, its largest by assets, also returned 11% during the quarter.

KKR's distributable earnings, which reflect cash that could be returned to shareholders, were flat from a year earlier at 39 cents a share.

Shares of KKR rose 1.2% in trading Tuesday.

Assets under management grew 8% to $221.8 billion in the latest quarter as the firm raised new capital and the value of both its public- and private-market portfolios rose. KKR said it raised a record $16 billion in the second quarter.

During the pandemic, having a "brand is powerful and having a global presence is very meaningful," said Co-President Scott Nuttall on a call with analysts Tuesday.

KKR last month agreed to buy insurance company Global Atlantic Financial Group Ltd. for more than $4.4 billion, in a deal that will boost its assets under management by $70 billion and help it dig deeper into a market rivals have been mining aggressively.

The firm said Tuesday that the deal, which is expected to close in early 2021, will add at least $200 million to its management fees over the next couple of years.

Optimism on Stimulus Propels Stocks

By Caitlin Ostroff And Dawn Lim

TUESDAY'S MARKETS

Stocks rose as investors held out cautious hope for progress in Washington over an aid package to support an economy roiled by a pandemic.

Investors are monitoring negotiations among Democratic leaders and White House officials on a new round of stimulus. The two sides remain at odds over whether to cut a $600-a-week federal jobless supplement or provide aid to financially strapped states and localities. Washington has been under pressure to iron out a deal since jobless supplements for millions of Americans expired.

The Dow Jones Industrial Average rose 164.07 points, or 0.6%, to 26828.47. The S&P 500 ticked up 11.9 points, or 0.4%, to 3306.51. The technology-heavy Nasdaq Composite edged up 38.37 points, or 0.35%, to 10941.17.

"There's a bit of a pause if you will, as investors are waiting for confirmation on what the shape of the stimulus will be," said Lori Heinel, State Street Global Advisors' deputy global chief investment officer. "Clearly the market is looking for another sugar rush."

Many investors are examining the toll of Covid-19, which left millions unemployed and battered profits for swaths of the economy. In recent weeks, gold has been one of the largest beneficiaries of a pause in other markets.

Front-month gold futures for August delivery gained $35.20 a troy ounce, or 1.8%, to a record $2,001.20 on the Comex division of the New York Mercantile Exchange.

Richard Bernstein, chief investment officer of Richard Bernstein Advisors, said gold's march is one indication investors are uncertain about whether stimulus measures by the Federal Reserve and U.S. government will translate into a broader recovery.

"The market does view it as a good cushion," he said, "but it's very uncertain over how it works its way into the economy."

Investors face several unknowns, including whether a recent decline in new coronavirus cases will hold up and how aggressively states will be able to stem the spread of the virus.

"One day's data doesn't mean anything, but I'm looking at whether that's the beginning of a trend," said Fahad Kamal, chief market strategist at Société Générale's private banking and wealth management division, Kleinwort Hambros.

Although the pandemic has crimped profits for many businesses, more than three-quarters of S&P 500 companies have reported earnings, with the majority beating analysts' expectations, according to UBS.

Robust earnings from tech companies have lifted U.S. stock markets. The advances by big tech stocks is acknowledgment by investors that certain companies have become major beneficiaries as people rely more on software, cloud computing and social media to stay connected and to work from home. In a sign of tech's rise, the industry made up at least 50% of the Nasdaq Composite for the first time since April 2012, according to FactSet data as of Monday's close.

But the tech-heavy index showed only soft gains Tuesday and lagged behind the Russell 2000 index's 0.69% rise. This suggested that investors have questions about whether some tech names could be overpriced.

Facebook fell $2.13, or 0.85%, to $249.83. **Alphabet** Inc. declined $9.46, or 0.6%, to $1,473.30. Microsoft fell $3.25, or 1.5%, to $213.29 amid uncertainty over whether it will be able to close a deal for U.S. operations of the video-sharing app TikTok. The deal would bring a Chinese technology crown jewel under U.S. ownership, but faces significant scrutiny in Washington.

Videogame companies got a boost. Shares in **Take-Two Interactive Software**, the company behind "Grand Theft Auto" and other gaming franchises, rose $9.84, or 5.9%, to $177.52 after it raised financial projections for the year on higher demand for videogames during the pandemic. **Activision Blizzard** rose $1.66, or 2%, to $86.45.

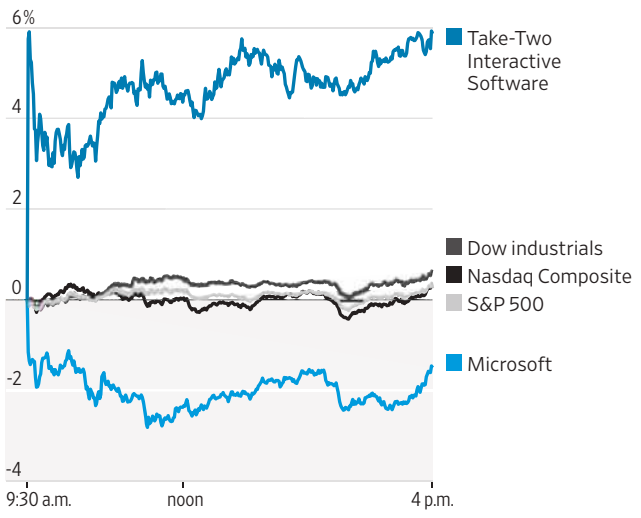
After the closing bell, **Walt Disney** reported a quarterly loss of nearly $5 billion due to a pandemic that has all but paralyzed its theme parks, live productions and cruise line. In late trading, the shares rose $6.27, or 5.4%, to $123.56.

Bond yields ticked lower. The yield on the 10-year Treasury declined to 0.514% from 0.562% Monday. The yield marked the second lowest this year for 10-year Treasurys.

"There's more truth in the bond market, and if you look at the yields they're still at record lows," Mr. Kamal said. "There's still a very palpable sense of fear among investors that there could be tail risks that materialize."

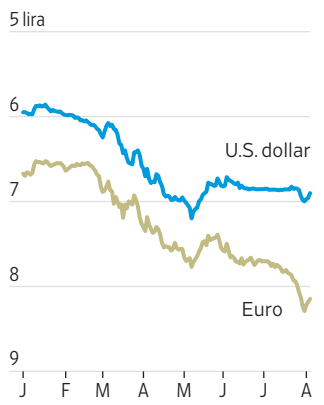
At midday Wednesday in Tokyo, the Nikkei 225 Stock Average was down 0.6%, Australia's S&P/ASX 200 was down 0.8% but South Korea's Kospi was up 0.8%. U.S. stock futures were flat.

Share-price and index performance, Tuesday



Source: FactSet

How many Turkish lira each currency buys



Note: Scale inverted to show changes in the strength of the lira
Source: Tullett Prebon

Borrowing Cost for Turkish Lira Soars

By Caitlin Ostroff And Anna Isaac

CURRENCIES

The cost of borrowing Turkish lira shot up on Tuesday, highlighting how the currency, once a darling of emerging-market investors, has lost appeal.

The interest rate attached to so-called swap transactions, which allow one party to obtain lira for a short period in exchange for dollars, reached 1,000% in annualized terms on offshore markets, said analysts and traders.

The exorbitant rate wasn't a reflection of high demand for the lira, analysts said, but rather of how the Turkish currency's offshore market has become dysfunctional.

The spike, which began overnight, was likely the result of a bank or investor trying to buy lira after having shorted it, or bet on its weakening, and being unable to buy the currency back, said Timothy Ash, senior sovereign strategist covering emerging markets at BlueBay Asset Management.

The lack of liquidity, or ease with which traders can buy or sell, stems from Turkish authorities making it more difficult for local banks to provide lira to foreign banks. This has decreased access to the lira, raising borrowing rates to obtain it.

The overnight rise heightened investor jitters over the lira's future trajectory. Investors are worried that Turkey's central bank, which sold billions of dollars in recent months in a bid to prop up the lira, is running low on options to curb volatility in its currency.

Argentine Deal Stirs Fears Over Defaults

By Amrith Ramkumar

Investors are bracing for more defaults and disruptions in emerging markets after Argentina's deal with creditors highlighted the pandemic's stress on many developing economies.

The agreement to grant debt relief to Latin America's third-biggest economy eased some concerns about a prolonged dispute between Argentina and its creditors. But it also underscored the hardship caused by the coronavirus in emerging markets. Ecuador and Lebanon have also sought concessions from creditors this year, with shutdowns to stop the pandemic and tumbling commodities prices denting developing economies.

Many of these emerging markets are saddled with billions of dollars in debt and rely on tourism and exports to support economic activity. The pandemic is still spreading in many of them, threatening to make the economic fallout last longer than analysts had anticipated.

Tuesday's moves underscored those challenges, even though strength in China and a weaker dollar have generally boosted emerging markets recently. Many emerging-market currencies fell against the dollar, with the beaten-down Argentine peso inching lower, while the Chilean peso and South African rand each slid more than 1%, paring some of their recent rebounds. The Mexican peso also fell.

Concerns about Turkey's economic outlook and the country's options to support its currency have also stoked fresh volatility in the lira recently. The country's central bank has already used much of its foreign-exchange reserves to boost the currency, leaving the government with little room to maneuver.

DADO GALDIERI/BLOOMBERG NEWS

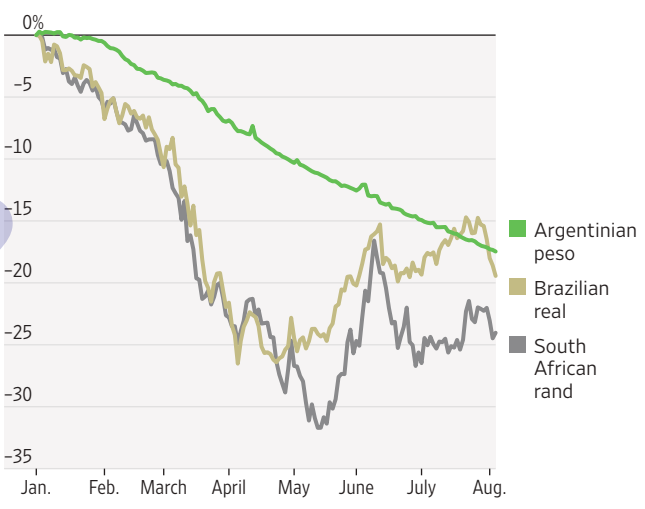
Many emerging markets are saddled with billions of dollars in debt. A Petroleo Brasileiro facility.

The moves Tuesday also exemplify the recent divide in overseas markets between countries that are more reliant on tourism and commodities to generate revenue and those that have burgeoning technology industries like South Korea. Investors expect that bifurcation to continue, potentially posing a challenge for those who had rushed into emerging markets in recent years seeking faster economic growth and greater returns.

"It's going to be somewhat from that theme, and there are just some countries that have debt dynamics that are too high," said Jeff Grills, head of emerging-markets debt at Aegon Asset Management.

While the iShares MSCI Argentina & Global Exposure ETF tracking shares of companies that do business in the country rose Tuesday, comparable ETFs for Brazil and Mexico fell, with investors still skittish about the outlook for Latin American economic growth.

Currency performance against the dollar in 2020



Note: Based on official rate for Argentine peso
Source: Tullett Prebon

Analysts say coming talks between Argentina and the International Monetary Fund following the deal with creditors could stoke more volatility in emerging markets.

Argentina owes the IMF $44 billion, and investors say talks about a bailout from the fund could involve economic overhauls that might be unpopular in the country under President Alberto Fernández, a member of the nationalist Peronist movement who partly owed his election victory to mistrust of the IMF.

"Argentina has still got a tough task ahead of it," Mr. Grills said.

Traders say the performance of the dollar will be a factor in determining the performance of emerging-market investments after the currency tumbled in July.

A weaker dollar makes it easier for emerging markets to service their dollar-denominated debt and boosts commodities prices by making dollar-denominated raw materials cheaper for overseas investors.

The ICE Dollar Index, which tracks the dollar against a basket of major currencies, has edged higher so far this week, dragging some emerging-market assets lower Tuesday despite some of the optimism about Argentina's debt deal.

"We're seeing some residual effects from what's happening with the dollar," said Mohit Bajaj, director of exchange-traded fund trading solutions at WallachBeth Capital.

If the dollar strengthens and limits the recovery in raw-materials prices, analysts say the outlook for emerging markets could grow even more grim. Brent crude futures, the global gauge of oil prices, have hovered in the mid-$40s a barrel recently, staying well above their low point hit in late April but remaining below levels needed to support the budgets of producing nations such as Saudi Arabia and Nigeria.

Coronavirus-related disruptions to commodities production around the world are also a continuing challenge for many countries. Mining operations in countries such as Peru, Chile and Mexico have been affected by the pandemic in recent weeks, supporting prices for some industrial materials like copper but potentially limiting the amount of revenue that projects in the nations generate.

CME Settles With CFTC Over Alleged Data Leaks

By Alexander Osipovich

Futures-exchange operator **CME** Group Inc. has agreed to pay a fine of as much as $4 million to settle a long-running lawsuit with its regulator over accusations that former exchange employees leaked confidential trading information.

The Commodity Futures Trading Commission brought the case in 2013 against a CME unit, the New York Mercantile Exchange, and two former employees of the unit, known as Nymex. The CFTC accused the former employees of disclosing private information on client activities to a commodities broker in return for meals and entertainment. The regulator later added the broker as a target of its civil lawsuit.

Nymex and the two former employees, William Byrnes and Christopher Curtin, agreed to pay a $4 million fine as part of the settlement. Judge Vernon Broderick of the Southern District of New York approved the settlement on Monday, in an order that was made public Tuesday.

Nymex and Messrs. Byrnes and Curtin neither admitted nor denied the CFTC's allegations. The two former Nymex employees agreed to lifetime bans from futures trading as part of the settlement.

A CME spokeswoman declined to comment. A lawyer for Mr. Byrnes said he was pleased with the resolution of the dispute. A lawyer for Mr. Curtin didn't respond to a request for comment.

Pension Returns Soar

Continued from page B1

previous four weeks.

"Normally we're very buy-and-hold, but when this presented itself we moved pretty fast," said Mr. Bowen of Bowen Hanes & Co., the fund's sole manager. "The moves that we made then set us up for why we're having a very good fiscal year now."

The $2.2 billion fund took the opportunity to add to holdings in technology stocks including **Nvidia** Corp., **Adobe** Inc. and **Microsoft** Corp., pharmaceutical stocks including **Johnson & Johnson**, **Zoetis** Inc. and **Thermo Fisher Scientific** Inc., and stocks that mix tech and finance such as **PayPal Holdings** Inc., **Visa** Inc. and **S&P Global** Inc.

Tech stocks have bolstered equity markets, rallying as reliance on virtual communication rises.

The Tampa fund, one of the nation's best-performing public pensions, is up 7% for the 12 months ended June 30.

Record second-quarter returns likely saved many pension funds from having to report year-end losses.

The $194.3 billion New York State Common Retirement Fund, whose fiscal year ended on March 31 in the middle of market volatility, suffered an annual loss of 2.7%.

The California Public Employees' Retirement System, the nation's largest pension fund, returned 4.7% for its fiscal year ended June 30, while the California State Teachers' Retirement System returned 3.9%.

With local governments hemorrhaging tax dollars as a result of the pandemic, pension managers have to worry about governments adjusting budgets midyear, said Keith Brainard, research director of the National Association of State Retirement Administrators.

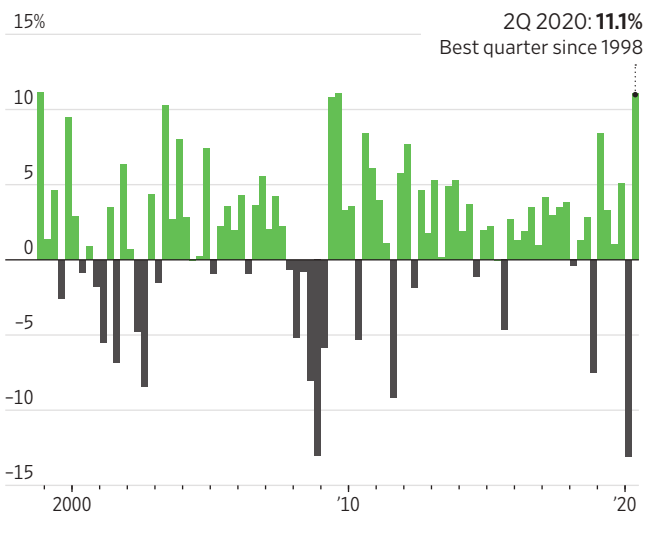
"They are likely to find, 'Oh boy—our revenues are short by X amount and we're just going to have to contribute less to the pension plan.'"

The problem is already playing out in Oklahoma, where Teachers' Retirement System Executive Director Tom Spencer expects to lose out on about $70 million in state sales and income taxes in fiscal year 2021 and $75 million to $80 million in fiscal 2022.

The roughly $17 billion fund has more than 70% of what it needs to cover future pension promises to K-12 and college teachers, its highest funding level ever, Mr. Spencer said. Though the state expects to pay extra over the following five years, he estimates the fund will lose the opportunity to earn about $40 million in investment returns.

"If we don't have that money we can't earn income off it," Mr. Spencer said. "You can't make money out of thin air."

Public pension fund quarterly returns



Source: Wilshire Trust Universe Comparison Service

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

BP Offers Vision for Life After Oil but Returns Are Unclear

Company's plan for a low-carbon future brings strategic clarity and financial uncertainty

With the zeal of a convert, oil-and-gas giant **BP** is following its European peers down the path to a low-carbon future. It will take a long time before investors have any idea what kind of returns await them in the promised land.

New Chief Executive Bernard Looney promised in February to cut BP's net emissions to zero by 2050, in a reversal of the London-based company's previous stance. On Tuesday, he announced plans to achieve this ambition alongside a mixed set of results.

The company booked a replacement-cost loss of $17.7 billion in the second quarter, mainly due to lower fossil fuel prices and asset write-downs valued at $17.4 billion after tax, offset slightly by strong returns from its trading activities. The results were in line with those of peers, who have struggled with one of the industry's worst ever. Falling demand from Covid-19 lockdowns exacerbated problems caused by an oversupply of oil and gas.

BP halved its dividend, as many expected, and said the payout would no longer rise. Any excess cash flows will in future be used to pay down net debt to a more manageable $35 billion—from $41 billion at the end of June—and then mostly to buy back shares.

The company also plans to sell $25 billion of petroleum assets by 2025, digitalize operations, cut oil exploration and focus fossil-fuel investments mostly on known reserves with existing infrastructure. The savings from this slimmed-down oil-and-gas operation will fund two main low-carbon businesses.

The first involves selling integrated low-carbon power packages to cities and companies. These would combine renewable power generation with gas or energy-storage backup, carbon offsets and hedging of foreign exchange or interest-rate risks. The second business builds on BP's gas-station heritage, with electric-vehicle charging and shops offering food and other convenience items in markets such as Germany, Britain, India, China, Mexico and Indonesia.

Other areas of interest include hydrogen production and transit, carbon capture, biofuels, and lower-carbon energy solutions for industrial companies. By 2030, investment in the greener businesses will account for about one-third of BP's $15 billion a year in capital spending.

Exploring for oil and gas used to be a high-risk, high-return business. With so much about a lower-carbon economy unknown, the returns that could be generated by BP's green businesses are highly uncertain. Still, the company has made a valiant effort to quantify them.

BP forecasts a return on average capital employed of 8% to 10% from low-carbon energy and 15% to 20% from its convenience stores and mobility business. Chief Financial Officer Murray Auchincloss said these are based on current experiences in these businesses. By comparison, he expects a ROACE of 12% to 14% from BP's hydrocarbon investments.

The 2025 and 2030 aims confirm the seriousness of the company's green ambitions. The strategic clarity is welcome, but the financial impact remains highly uncertain—and will do for many years. Investors would be wise not to count on those share buybacks.

—Rochelle Toplensky

BP's daily share price

Note: £1=$1.31
Source: FactSet

DAVID CHESKIN/PA WIRE/ZUMA PRESS

North America, which accounts for 39% of the liquor giant's revenue, has been one of the most resilient markets.

Diageo's Mix Is Sobering

Covid-19 worries in Europe, Asia and Africa dragged sales down 23%

It is a pity for **Diageo** that America's exceptional drinking habits can't be exported. Returning to growth in other parts of the world will be a fraught process.

The London-based maker of Johnnie Walker scotch and Guinness stout said Tuesday that sales in North America fell just 1% over the six months through June compared with the 2019 period. Far tougher conditions everywhere else dragged group sales down 23% overall. Management sounded cautious about how quickly demand will recover—one reason the company's shares fell 5.5% in European trading.

North America, which accounts for 39% of Diageo's revenue, has been one of the most resilient liquor markets since the Covid-19 pandemic began. Americans like to drink at home anyway: Even in normal times, only a fifth of all the liquor consumed in the U.S. happens in bars or restaurants, brokerage Bernstein estimates. And the bulk of sales lost in these venues during lockdowns shifted to supermarkets. Consumers spent 38% more on spirits to drink in their homes in the 17 weeks to mid-July than a year ago, according to Nielsen.

Other important markets are structured differently, so will take longer to return to health. Diageo's sales in Europe and Turkey—the company's second-most-important region by revenue—fell almost one-third in the six months through June. Europe's alcohol market is split 50-50 between what is consumed inside and outside the home. So long as consumers are wary of crowded spaces, bars and restaurants will be ordering less beer and liquor from Diageo. The company has already taken back half a million kegs of unsold Guinness from pubs, mainly in Europe and Africa.

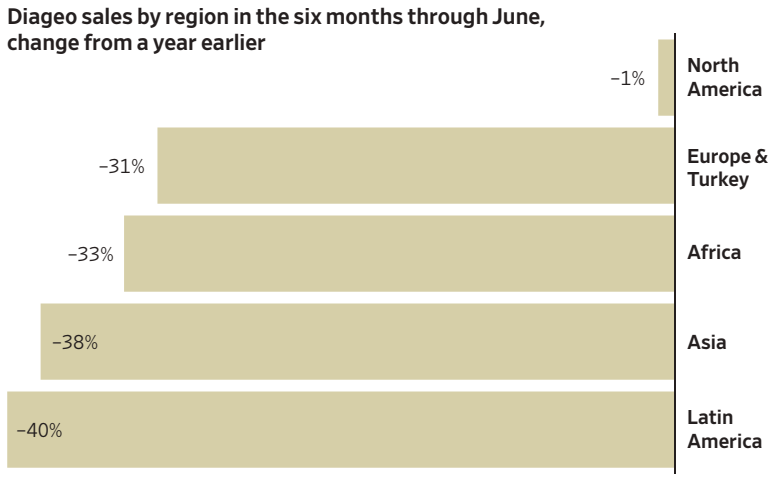
The company took a £1.3 billion ($1.7 billion) write-down on the value of its businesses in India, Nigeria and Ethiopia. Around 60% of Diageo's sales in Africa are beer, which is mainly sold in bars.

Diageo's Asia division may bounce back first. India is an important market for scotch, and consumers there are big home drinkers, like in the U.S. A six-week ban on alcohol sales imposed by the Indian government, which ended in May, should be only a temporary shock to demand.

Diageo's share price is 17% off its January high, but that seems a sensible discount for today's uncertainties. A multiple of 23 times projected earnings is still well above its 10-year average of 19 times. Making a big chunk of sales in the U.S. is a bonus, but viewed from other corners of the world, the business looks much less defensive.

—Carol Ryan

Diageo sales by region in the six months through June, change from a year earlier



Source: the company

AIG'S Results Look Grim But Represent Progress

Parting ways isn't always pretty, but sometimes it's also the right thing to do.

American International Group put up an ugly $7.9 billion net loss in the second quarter. That stems largely from a $6.7 billion accounting loss related to the finalized sale of the vast majority of Fortitude, a specialized reinsurance company, to private-equity firm **Carlyle Group** and other investors. The sale brought in $2.2 billion of cash and improved AIG's liquidity position—not a bad thing during a pandemic and economic crisis.

But it did have some knock-on accounting effects. Those included the write-down of some prepaid insurance assets and a loss on the sale of assets that were tied to Fortitude's business. Fortunately for AIG investors, though, these losses won't have an impact on its regulatory capital levels. The broader point is that AIG continues to make progress in reducing earnings volatility by shedding some "long tail-risk" businesses, those with hard-to-quantify, potentially large losses over the long term, and refocusing on its core operations of life and property and casualty insurance. So investors ought to look past the one-time accounting adjustments.

Many general insurers have moved away from businesses like Fortitude, which provides reinsurance to legacy insurance and retirement portfolios, including AIG's.

AIG also in the second quarter began giving up some of its premium income as it starts a risk-sharing arrangement via a Lloyd's syndicate for its individual insurance unit for private, high-net-worth clients. Over time, this should help AIG actually grow the book by reducing its catastrophe exposure, and also to collect more fee-like revenue from things like administering claims.

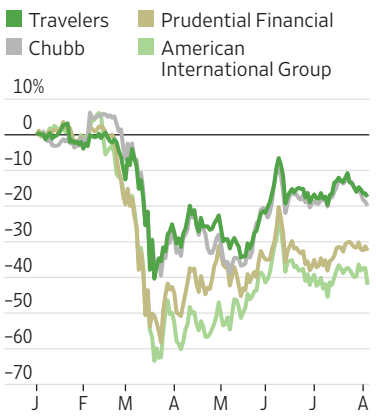
The effects of Covid-19 didn't help the quarter, but didn't totally derail it either. Covid-19-related losses were a manageable pretax $458 million, though elevated death claims also did contribute to a year-over-year 16% drop in adjusted pretax life and retirement insurance income.

So AIG continues to be noisy. But it also is still a beneficiary of some of the industry's positive trends, notably sharply rising rates in commercial insurance. And it now has the capital buffer to offer bigger policies to key clients when others might be pulling back. AIG also noted a rebound in the retail life and retirement sales pipeline in July, which if sustained would help cushion the effect of Covid-19 on mortality rates.

There isn't much to love about the insurance business right now, with continued coronavirus risks and rock-bottom interest rates. But AIG at least has more potential upside than others as it continues its evolution.

—Telis Demos

Stock performance of major U.S. insurers



Source: FactSet

OVERHEARD

Want to get investing pros riled up? Talk about the stock market in terms of Dow points.

The Dow Jones Industrial Average may be the world's best-known market barometer, but its clumsy construction compared with capitalization-weighted indexes such as the S&P 500 creates bizarre quirks. The latest: Apple's 4-for-1 stock split, which has no effect on Apple's value, will move it from first to 16th place in the Dow, according to S&P Dow Jones Indices.

Its heavy weighting has boosted the index lately. The iPhone maker was up nearly 45% in 2020 through July while the Dow's smallest component with one-tenth of its weighting, Exxon Mobil, fell almost 40%.

But what Apple has given to the Dow lately is a fraction of what was once taken away by International Business Machines. As Global Financial Data points out, IBM was removed from the index in 1939 to make room for AT&T and restored in 1979 to replace ailing Chrysler.

The Dow rose from 151.1 to 841.98 over those 40 years but, had it not been replaced, the index in 1979 would have been 23,582 according to Global Financial Data—a level it didn't crack until 2017.

Without that quirk, the Dow might be near a quarter of a million points today and triple-digit daily moves would be rounding errors.

GETTY IMAGES

Disney's Free Pass Is Extended

As a family-friendly entertainment giant, **Walt Disney** Co. knows how to emphasize the positive.

The company's quarterly results Tuesday were certainly an exercise in that. The quarter ended June 27 was the first to reflect the full effects of the pandemic and its related shutdowns. Predictably, theme-park revenue plunged 85% year over year to just $983 million. Studio entertainment revenue slid 55% to $1.7 billion, as movie theaters remained shut down. The company noted that the last segment got some help by selling content such as the latest "Star Wars" movie to its Disney+ streaming service.

That service is one of the few good things Disney has going for it right now. So naturally, it got a lot of attention from new Chief Executive Bob Chapek during the company's call. The company said Disney+ had 57.5 million paid subscribers by the end of the quarter, and Mr. Chapek noted that about three million have been added since.

That means it took Disney+ about nine months to reach a level that took Netflix about eight years to achieve. It also means Disney now has a viable direct distribution channel for its movies, which the company seems keen to test. Mr. Chapek announced plans to shift the live-action version of "Mulan" from a theatrical release to a "premiere access" offering on Disney+. The movie will cost $30 to stream—a premium to other recent films pushed into streaming by theater shutdowns. But with the film's reported production budget in the $200 million range, Disney has some costs to recoup.

Disney+ is one of the few good things Walt Disney Co. has going for it right now.

The positive streaming news was enough to send Disney's share price up 5% in after-hours trading. Streaming has provided an important backstop to the company when nearly everything else is going wrong. Disney's share price may be down 19% this year, but it has still outperformed most of its media, theme park and movie peers.

Still, other parts of the business still have a big hole to climb out of. Chief Financial Officer Christine McCarthy noted Tuesday that revenue from the limited reopening of some of its theme parks has been less than expected, due primarily to the recent resurgence of Covid-19 cases in Florida. Disney may be riding out this storm, but it isn't abating just yet.

—Dan Gallagher

考研资料：数学、英语、政治、管综、西综、法硕等（整合各大机构）
英语类：四六级万词班专四专八雅思等
财经类：初级会计、中级会计、注册会计、高级会计、税务师、会计实操、证券从业、基金从业、资产评估、初级审
公务员：国考、省考、事业单位、军队文职、三支一扶微信 2270291360
银行：银行招聘、笔试、面试
教师资格：小学、中学、教师招聘面试
建筑：一建、二建、消防、造价
法考：主观题、客观题
多平台网课：涵盖职场、办公技能、编程、文案写作、情感心理、穿搭技巧、理财投资健身减肥摄影技术等优质内容
精选资料：Excel 教程、PPT 模板、简历模板、PS 教程、PPT 教程、素描、烹饪、小语种、CAD 教程、PR 教程、UI 课程、自媒体、写作、计算机二级、钢琴、Python、书法、吉他、kindle 电子书、演讲.....持续更新中...
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托福雅思备考资料	大学物理学科攻略合集	动漫自学教程
SCI 最全写作攻略	TEM4/TEM8 专四专八备考资料	教师资格证面试试讲万能模板
360 份精美简历模板	数学建模 0 基础从入门到精通	100 套快闪 PPT 模板
Vlog 制作最全攻略	超强 PR 模板	42 套卡通风 PPT 模板
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全国翻译专业资格考试备考资料	BEC 初级+中级+高级全套备考资料	大数据学习资料
SPSS 自学必备教程	Origin 自学必备教程	会计实操资料
LaTeX 全套教程+模板	EndNote 教程+模板	小提琴 0 基础入门自学教程
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